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QUEBEC'S BALANCE OF PAYMENTS, 1768-1772:

A QUANTITATIVE MODEL

by

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A thesis
presented to the School of Graduate Studies and Research
at the University of Ottawa
in partial fulfillment of the requirements for the Master's
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Abbreviations

ANSM	Antiquarian and Numanistic Society of Montreal
AO	Audit Office
BC	Baby Collection
CHR	Canadian Historical Review
EE	Ermatinger Estate Records
HBC	Hudson's Bay Company
PAC	Public Archives Canada
QG	Quebec Gazette
RG	Record Group
STQ	Statistics of the Trade of Quebec
T	Treasury Board

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CHAPTER I

INTRODUCTION

The prevailing view of the economy of Quebec in the post-Conquest era leading to the American Revolution is one of an underdeveloped staple economy. That this simple economy fared poorly, in comparison to the relatively sophisticated economies of New England and the Middle colonies, is accepted as fact by most historians both Anglophone and Francophone. Paeans by nationalistic determinist historians such as Creighton to the "toughness, elasticity and expansive powers" of the Atlantic economy, and negative comparisons to the development of secondary industries - for example, Jean Hamelin's comparison of New England's fishing industry to that of New France - have downgraded the remarkably durable fur economy of New France and Quebec.[1] The performance of this economy, after a brief period of post-war construction, between 1768 and 1772, equalled that of New England in terms of per capita exports. Quebec, unlike New England, never developed a commercial fleet, but this was not so much a failure, but a result of an economy rooted in the fur trade and a trading empire which stretched to the Rockies. In spite of the problems of geography, under-population and almost continuous warfare in the last two decades of its existence, the embryonic secondary industries of New France maintained their traditional strength in the post-war economy and accounted for 30% of its exports. In short, it was a sound economy that provided a good standard of living for its inhabitants and was essentially balanced.

The decidedly more negative view of Quebec's economic status was recently enhanced in 1972 when the unique talents of James F. Shepherd and Gary M. Walton were meshed in the publication of the most incisive study of the economic structure of colonial North America, Shipping, Maritime Commerce and the Economic Development of Colonial North America. Their work not only provided a model for the growth of the North American economy but gave economic historians the first accurate account of British North America's balance of payments. This was accomplished by blending their research on shipping, shipping revenues, invisible mercantile profits and an exhaustive analysis of North America's imports and exports as registered in the American Inspector General's Ledgers for the five year period, 1768-1772.[2] Although their mastery of the mechanisms of the North American maritime economy is beyond dispute, Shepherd and Walton, on the basis of faulty data, have erred in the reckoning of Quebec's balance of payments.

Shepherd and Walton were not overly concerned with Quebec as an individual colony. Their interests were in an overview of the economy of colonial America. Accordingly, they decided to limit their analysis to five distinct regions: the Northern Colonies (Quebec, Nova Scotia and Newfoundland), New England, the Middle Colonies, the Southern Colonies and Florida, Bahama and Bermuda Island. The separation was effected owing to specific economic activities of each region:

> The colonies by no means formed an integrated economy, and so these estimates their estimates of trade with overseas areas are broken

> down by region, each region being composed of colonies with roughly similar natural resource endowments. While each region was not composed of colonies completely alike in every respect, the character of the more important types of economic activity within each region was not as widely diverse as that of all the colonies, and the emerging patterns of trade reflected this fact. 3

They ignored the fact that Quebec's economy was not remotely similar to that of Nova Scotia and bore a semblance to that of Newfoundland only insofar as both were dependent on the export of a particular staple. Yet, the unique elements of Quebec's economy can be isolated. The imports and exports of Quebec can be segregated from those of Newfoundland and Nova Scotia. Quebec's fur trade can be reconstructed for 1768 to 1772. The latter entailed the establishment of a price index for furs purchased by merchants from traders at Montreal's yearly fur fairs, a reliable exchange index between sterling and Montreal's Lawful currency, the establishment of prices in London for furs and skins, an investigation of the various costs to the fur exporter such as shipping, insurance, customs tax, preparation of pelts for market and the level of profit taken by London merchants and their brokers for their services. For it is in the fur trade, both in the value of furs and skins exported and in the high invisible profits returning to Quebec's fur exporters, that the weakness of Shepherd and Walton's estimates can be found.

In their valuation of Quebec's fur exports, Shepherd and Walton employed the estimates for the year 1770 of £28,433 which were first published by M. G. Lawson in, Fur: A Study in English Mercantilism (in 1943). The authors,

astute enough to realize that Lawson's estimates included only fur bearing animals, made distinct estimates on the value of deerskins exported for the years 1769 to 1772 and added these to the 1770 valuation. Armed with Lawson's estimates, the value of furs and skins were added to their estimates of Quebec's remaining export commodities and the average annual (F.O.B.) exports to all regions from Quebec was set at £67,000.[4]

This scenario sets the stage for an unworkable economy. Shepherd and Walton certainly knew that Quebec's commodity imports (C.I.F.) from Great Britain and Scotland amounted to over £920,200 between 1768 and 1772. Shepherd was certainly aware of the large volume of imports to Quebec from her neighbours coastwise of an additional £168,100.[5] Commodity imports from Southern Europe and the West Indies amounted to another £13,700, bringing the deficit in commodity trade to £767,000. If shipping earnings gained by Quebec, £16,870, and the invisible profits earned by Quebec with her trading partners (according to a generous interpretation of Shepherd and Walton's model)[6] are included, Quebec's trade deficit for the period 1768 to 1772 is an overwhelming £719,200. British government and military expenditures in Quebec, although large (approximately £71,500 per annum), does not appreciably brighten the bleak picture of Quebec's balance of payments. Clearly, we see an economy that was not only inoperable but with a deficit equal to thirty percent of the British North American total.[7] British and American merchants would have refused to continue exporting

to this colonial black star. Quebec's import levels either remained steady or grew. English exports to Quebec are instructive in this regard.

TABLE 1.0

Official Value of English Exports to Quebec: 1768-1773

(In Pounds Sterling)

1768	110,819
1769	162,066
1770	218,423
1771	167,029
1772	212,949
1773	335,879

Source: Sir Charles Whitworth, State of Trade of Great Britain In Its Imports and Exports 1697 (to 1773), London, 1776.

Of all the staple trades of North America the fur trade has received more attention than any other, with the possible exception of tobacco. The romantic nature of the trade that spawned the European penetration of the continent and the erection of transcontinental transportation systems, and was the stage of the titantic struggle for Empire between Britain and France, Albany and Montreal, and finally Montreal and Hudson's Bay, has led most historians from the viscera of the trade — its economic viability. The sole attempt at gauging the volume and the value of the North American fur trade was undertaken by M.G. Lawson in, Fur: A Study in English Mercantilism. Lawson's study is the root of all

subsequent misinterpretations of the value of the fur trade and consequently Quebec's economy by all historians with one notable exception.[8]

Lawson's omission of skins (deer, elk, moose and seal) and castoreum, which were significant export items, seriously distorts the nature of his statistics. The data employed by Lawson was taken from the English Inspector-General's Ledgers of Imports and Exports. Quebec's exports from the fur trade were automatically under-represented by sixteen percent as Customs 3 listed skins in a separate category from furs.[9] The trade in skins and castoreum were inextricably bound to the trade in furs through exactly similar means of purchasing, collection, transportation and marketing. For the purpose of this thesis, the terms 'fur trade' and 'fur exports' will be inclusive of fur, skins and castoreum. This, however, is a secondary point. Lawson's source, Customs 3, is useful only insofar as it provided "a series of figures in money terms of constant value".[10] They bear no relation to the actual current value of furs exported in 1770. Lawson was aware of this fact. In his commentary on the source he states:

> Rather than being a defect the use of official values and their fossilification is actually an advantge in one respect: it enables comparisons to be made over long periods on the basis of a uniform standard of prices, so that it is possible to measure a rise or a fall in the volume of trade without the disturbing factor of changes in the price level, and this is largely the use to which they are put in this study. 11

A note by a treasury board official in regard to 'this disturbing factor of changes in the price level' sheds some light on Lawson's source:

> Note, The Average Value of Furs and Skins herein contained, is the supposed Prime Cost or Average Value in America and stand now in the Inspectors-Generals Book as they were affixed to each article as they were at the first establishment of the Office in the year 1688 from which consideration it will plainly appear that the aforesaid Valuation of Furs are to be looked upon mearly in a Speculation view and are not meant to give any information of the real Value of Furs in England of which the Inspector-General has no account. 12

Lawson's analysis must also be viewed 'mearly in a speculation'. Beaver, which accounted for over one half of the value of Quebec's exports of fur in 1770, was rated at only three shillings six pence per skin in 1688. Prime parchment pelts sold for an average price of twenty-one shillings at the Hudson's Bay Company London auction in 1770.[13]

What is truly disturbing about Lawson's work is not only its continued acceptance by historians at face value, but the conclusions Lawson makes regarding the fur trade on the basis of his statistics. This, despite the fact he was aware of David McPherson's 1805 publication, Annals of Commerce, Manufactures, Fisheries and Navigation, which gives a contemporary estimate of 'fur' exports in 1770 from North America, exclusive of Hudson's Bay, that is roughly twice as high as his estimate of £47,739 for 'fur exports' alone.[14] With the addition of skins and castoreum, McPherson's figures are 316 percent higher. Lawson's conclusion that

"in the eighteenth century, despite the romanticism with which the fur trade has been clothed by its narrators, despite its significance in the Anglo-French struggle for the continent it was actually of no real importance to the English or American economy" is utterly false.[15]

Other historians who have used either Lawson's study or sources related to Customs 3 have underestimated the impact of the fur trade. Virginia Harrington's classic study, The New York Merchant on the Eve of the Revolution, uses figures taken from Treasury Board reports based on Customs Record 3 and 17 and underestimates fur exports from New York and Quebec.[16] Two recent works, T.E. Norton's The Fur Trade of Colonial New York and W. S. Dunn's Doctoral dissertation "Western Commerce, 1760-1774" have used Lawson's estimates, the latter with some highly amusing results.[17] In his attempt to understand the economic structure of the fur trade, Dunn takes Lawson at face value and then proceeds to try to incorporate Lawson's low estimates with McPherson's and one made by Governor James Murray in 1762 of £140,000. To accomplish this feat, Dunn resorts to pure fantasy. In the space of two pages he uses Lawson's estimates for New York, Hudson's Bay and Quebec; pads Pennsylvania's exports with the inclusion of deerskins and includes the trade of the Illinois flowing through New Orleans (£30,000 per annum) to arrive at a yearly average (1760-1774) of £109,000 of furs exported from North America. McPherson's estimate did not include either Hudson's Bay or New Orleans. Aside from quoting Lawson's aforementioned

conclusion on the insignificance of the fur trade, he follows with the astounding conclusion that, "Trade statistics for isolated years bear out the estimate of about £100,000 sterling in furs going out and £100,000 in merchandise coming in for the fur trade...."[18]. Assuming that the value added worth of this merchandise upon its arrival at the western ports was at least 50 percent higher, Dunn has presented us with a trade that incurs a loss of £50,000 per annum.

This thesis will attempt to clear up the obvious confusion that arose with the publication of Lawson's study and relegate it to that which it was intended to be - an interesting work on the English hat industry. It is hoped that it will demonstrate that the fur trade was economically significant not only to Quebec and North America, but that the conquest of New France brought an important addition to Britain's economic empire. Moreover, the inclusion of revised estimates of the value of fur exports, the level of invisible profits returning to Quebec and a reckoning of British civil and military expenditures in the province and its satellite posts will reduce the apparent deficit of £719,200 to a more realistic estimate of £60,000 or about £12,000 per annum between 1768-1772.

II

A study of this nature is necessarily dependent on a variety of quantative data from several sources. It is not only an exposition of what comprises the component parts of a colony's balance of payments but of the methods employed to arrive at the balance. The data and the methods employed to arrive at estimates for the value of fur exports, Quebec's balance on current account, balance of payments and the level of civil and military expenditures in the Colony will be examined in depth. It must be remembered, that these estimates are not carved in stone. The extant data, although extensive, does not supply the author with all the information required to make fail-safe estimates. Accordingly, these estimates result from the interpretation of data, judgements on the data and reliance on the work of other historians. I believe, however, that the estimates and the conclusions based on those estimates are reasonably accurate and present a realistic view of Quebec's economy between 1768 and 1772.

Some definitions are required at this point to obviate the potential confusion between F.O.B., C.I.F., the balance of trade and the balance of payments. F.O.B. means the value of the commodity free on board of all further charges and tax. C.I.F. is defined as the value of the commodity F.O.B. plus the cost of insurance and freight. The balance of trade is only one aspect of a region's international balance of payments. Included in the balance of payments are three

main sectors: the balance or current account, the bullion account and the capital account. The balance or current account is the chief concern of this thesis. It involves the value of goods imported and exported (The Balance of Trade), as well as 'invisibles' which include the cost of shipping services (freight and insurance), mercantile profits of exporters and payments made by the colonial empire to offset the costs of military and civil expenditures. The bullion account measures the flow of hard money from one area to another.[19] This aspect of the balance of payments was not significant and, consequently, has been ignored. The question of 'soft money' i.e., pre-Conquest French bills and ordinances redeemed in France and mercantile credits transferred from France to London, will be discussed in Chapter 4. The capital account, comprised of long and short-term investment by residents of one area to another, was important only in regard to short-term credit advances to Quebec's merchants.

There are several primary quantatative data sources extant for the period under question. Their value, use and misuse must be discussed as all of these sources will be used either for direct computation or as a check against variations in data. The primary source used in the valuation of imports from Britain is the Inspector-General's Ledgers or Customs Record 3.[20] These records, begun in 1696, grew out of the need seventeenth century parliamentarians felt for ascertaining England's balance of trade.[21] In 1696, the office of Inspector-General of Imports and Exports came into being as a division of the Customs House. The

first Inspector-General, William Culliford, who held the office until 1703, set in motion the system of recording employed in Customs Record 3 and its successor, the States of Navigation, Commerce and Revenue, 1772-1808, or Customs Record 17. Customs 3 recorded the quantity of imports, exports and re-exports of England and Wales to and from foreign countries, her protectorates and colonies. It is the question of the given valuation of these commodities that has troubled most historians. The values used by Culliford to rate commodities became largely frozen by 1702. Culliford's next two successors, Charles Daverevant and Henry Martin (who served from 1703-1713 and 1713-1721, respectively), produced downward rates for English woollens, but after 1721 the rates remained unchanged until 1870.[22]

Owing to this and other imperfections, one historian believed that "they can never be accepted as even approximately accurate without independent confirmation".[23] Fortunately, part of the problem has been overcome by both John J. McCusker, "The Current Value of English Exports," and by Shepherd and Walton. By employing similar methods, they arrived at a Current Price Index (C.P.I.) for the period under question.[24] The difference between the author's estimates were a minimal 0.06 percent. McCusker's C.P.I. series for English exports was used in this study as his was a yearly series and that of Shepherd and Walton for five year periods.

Customs 3 included re-exports or commodities of non-English origin imported into Britain and re-exported to Quebec. Re-exports to Quebec consisted of textiles, such as Russian and Silesian linens, Indian cottons, drugs, spices, luxury food items, wine, tea and tobacco. The value of these commodities also fluctuated on a yearly basis. Shepherd and Walton constructed a C.P.I. for re-exports based on the colonial prices for tea, pepper and German linens, and it was used to arrive at accurate estimates for re-exports. Unfortunately, in regard to the official values of re-exports, a copy of Customs Record 3 has not yet been made available in Canada. Whitworth's summation of exports to overseas areas from England included re-exports. Shepherd and Walton's study included a table outlining the official values of re-exports to the Northern Colonies. In order to estimate the value of re-exports, Quebec's percentage of the total value of official exports from England to the Northern colonies (74.13%) was taken as a measure of her share of re-exports.[25] Accordingly, the F.O.B. value of English exports and re-exports was determined by the following table:

TABLE 1.1

Wholesale Commodity Price Index for
English Exports and Re-exports, 1768-1772

(Base 1700-1772 = 100)

Year	C.P.I. English Exports	C.P.I. Re-exports
1768	100.2	77
1769	92.9	79
1770	94.3	100
1771	97.7	87
1772	104.5	81

Sources: John J. McCusker, "The Current Value of English Exports", William and Mary Quarterly, XXVII, (October, 1971) p. 619; Shepherd and Walton, Shipping p. 186.

The C.I.F. values of English exports and re-exports were calculated according to Shepherd and Walton's model which called for the addition of 8% to the current price of commodities to cover the costs of freight (2½%), insurance (2½%), merchant's profits (2½%), and miscellaneous costs (½%) such as "certificates of entry and searcher's fees; wharfage, porterage, boatage and primage fees; bills of lading and sometimes the postage of letters concerning the order and shipment".[27]

Customs Record 3 does not include trade between Scotland, Ireland and Quebec. The recorded values given in the Scottish trade ledgers, Customs 14/1-39 were amended by the McCusker C.P.I. and included in the estimates for trade with

Great Britain. Irish imports based on the data on shipping and imports to Quebec in 1769, 1770 and 1771 found in Customs 16/1 were estimated to be £23,570 and were also incorporated into the estimates for trade with Great Britain.[28]

Two other sources survive for the quantification of commodity imports and exports. Thomas Ainslie, the collector for customs at Quebec produced tables called the Statistics of The Trade of Quebec, 1763-1783, which have been reprinted in the PAC Report of 1888.[29] The original Customs House Records from which these are drawn were apparently destroyed by fire.[30] These tables, while generally sound, contain inadequacies best explained in a comparison with the American Inspector-General's Ledgers or Customs Record 16/1. These records were kept by the American Customs Board, established in 1767 under the Townshend Acts.[31] The American Customs Board, headquartered in Boston, compiled a yearly account of the imports, exports and shipping of forty-three different port regions in British North America to and from Great Britain and Ireland, the West Indies, Southern Europe and the Wine Islands, Africa, and between each port district. Reports from the board were compiled in England and cover the period between January 5, 1768 and January 5, 1773. Aside from occasional clerical error their accuracy has been found to be remarkable. Shepherd and Walton discovered a difference of only one percent in export figures of rice and tobacco as recorded in Customs 16/1 and the import figures for this same period in English and Scottish customs records.[32]

Customs 16/1 differs from the Statistics of Trade in several ways. Information on shipping is more extensive.[33] Tonnages, entries and departures to the West Indies and Southern Europe are given separately, whereas the Statistics of Trade combines these two regions and, furthermore, the importance of the American carrying trade to Quebec is made more apparent. For example, the Statistics of Trade recorded 19,943 gallons of rum imported from the West Indies in 1769. Customs 16/1 shows no rum from the West Indies was exported to Quebec in 1768 but 22,232 gallons of West Indian rum were brought to Quebec via the other American colonies. The Statistics of Trade list only furs exported to Britain during the Christmas Quarter. Exports of furs to Great Britain are higher in Customs 16/1 and are almost identical to a third source.[34] Another 21,575 deerskins and 30,436 various furs sent coastwise appear in Customs 16/1. Imports listed in the Statistics of Trade include nine major categories: rum, molasses, sugar, tea, gun powder, salt, coffee and tobacco, but do not incude heavy imports coastwise of flour or beef and dairy products from Great Britain.[35] Customs 16/1, then, is a superior source for assessing Quebec's balance of commodity trade.

There is on deposit at the Public Archives of Canada a third source. This source is comprised of a dozen pages, most of which are concerned with a contemporary attempt to arrive at a balance of trade for 1769 to 1773. Also included are a record of fur exports and what appears to be 'official' copies of Customs House records for 1762 and 1769. The estimates made by an anonymous

author were completed either in late 1773 or early 1774, and may have been intended for the Treasury Board or the offices of the Colonial Secretary for last minute information on the state of Quebec's economy before pushing the Quebec Revenue Act and the Quebec Act through Parliament. It could not have been done by a merchant, as the estimates are too general and erroneous. The chief errors are in the valuations for wood products and fur trade exports. For example, exports of potash in 1769 are overstated 750 percent. The difference between it and a modern estimate is £9,357.[37] Stave exports in 1769 suffer from a similar error: the estimate per stave is slightly higher but the decimal point has been moved one space in computation and the error is approximately £10,000. Fur trade exports are similarly overvalued by use of a constant value index established in 1764 when fur prices were high. These estimates of £97,000 per annum overstate the value of fur exports by twenty percent for the years 1769-1773. While the methods are questionable, the estimates are superior to those of Lawson and correspond to those of McPherson.

Price data for all commodities, with the exception of fur trade prices, was taken from various sources. The bulk were taken from the price histories published by Anne Beazanson, Prices in Colonial Pennsylvania, [38] and Arthur H. Cole, Wholesale Commodity Prices in the United States, 1700-1861. Cole incorporated Beazanson's work on Philadelphia wholesale prices and included them with his own for Boston, New York and Charleston. Various commodities

originating in the thirteen colonies and exported to Quebec were valued from their likely port of origin. For example, rum and molasses were assessed at Boston prices, flour at the Philadelphia price and pork at New York's level. For commodities not listed in these two sources, recourse was taken to McPherson's estimates of 1770 for metals and agricultural products such as peas.[39] Pine Boards, hoops, whale oil and potash were evaluated according to Shepherd and Walton's estimates[40] as were wines imported from Southern Europe and West Indian imports of coffee and cotton. Rum and molasses were valued according to the prices given in John J. McCusker's doctoral dissertation, "The Rum Trade and the Balance of Payments of the Thirteen Colonies", (University of Pittsburgh, 1970).[41] Imports of brown sugar from both the West Indies and the thirteen colonies were evaluated at the Philadelphia price for Muscavado sugar.

All figures, unless otherwise noted, preceded by the symbol '£' are given in pounds sterling. Commodity prices based on Philadelphia, Massachusetts, New York and South Carolina, were reduced to sterling on the basis of tables in John J. McCusker's Money and Exchange in Europe and America, 1600-1675: A Handbook. Currency in Quebec, however, posed a problem. Halifax currency had been used in Quebec City from 1759. Montreal and Trois Rivières had based their currency on New York's until January 1, 1765 when an attempt was made to standardize the colony's currency at six shillings for a Spanish piece of eight for an effective rate

of one hundred and thirty-three pounds Lawful currency to one hundred pounds sterling. Montreal complied by lowering its rate to 133.00, but Quebec retained Halifax (par at 111.00) until a new ordinance made Halifax the legal currency for the entire province in March of 1777.[42] The piece of eight appears to have exchanged at exactly the legal rate in Montreal.[43] However, the 'commercial' rate of exchange, the rate at which bills of exchange were bought and sold, fluctuated above or below the legal rate or 'par'. The question of exchange may seem arcane, but is is important in the determination of the F.O.B. value of furs in Quebec. McCusker attempted to use the letter books of Lawrence Ermatinger to construct an exchange rate for Montreal currency, but was stymied:

> It is only for Montreal that we have any idea of the commercial rate of exchange and par. And our information is almost from one source, the letters of Montreal Merchant Lawrence Ermatinger...Through mid 1769 exchange seems to have been at par...But in October of 1770 he uses a rate of 127.98 and four months later in February 1771 he uses a rate of 129.33. Still later in September 1772 when good bills were hard to find Ermatinger equated £875 Lawful money with £618.19.7 sterling for an effective rate of £141.3.6. Canada awaits the collection of a bit more data before any table can be constructed. 44

The relation between Sterling and Halifax is the key to the problem. From September of 1770 to October of 1773 Lawful currency exchanged at a rate of 120 Lawful currency to £100 for Halifax currency or at a discount of five percent.[45] It is thus the relationship of Sterling to Halifax that determined Lawful's exchange rate. Fortunately recent scholarship has established such a guide.

TABLE 1.2

Average Exchange Rates, Lawful to Halifax,
Halifax to Sterling and Lawful to Sterling: 1768-1772

(Pounds Lawful and Halifax per £100 sterling)

Year	Lawful to Halifax	Halifax to Sterling	Lawful to Sterling
1768	120.00	112.65	132.65
1769	120.00	111.93	131.93
1770	120.00	107.80	127.80
1771	120.00	108.75	128.75
1772	120.00	108.85	128.85

Sources: PAC, EE, Series 3, vol. 87, Ermatinger Cash Book, 1770-1773.
Julian Gwyn, "The Impact of British Military Spending on the Colonial American Money Markets, 1760-1783". Historical Papers, Canadian Historical Association, 1980. Table 8, "Rate of Exchange: Quebec on London, 1767-1782", p. 99.

These rates of exchange correspond closely to those McCusker found in Ermatinger's letter book except for the rate of 141.36 in September, 1772. A variation of thirteen pounds in exchange in 1772 would have lessened the value of fur exports by £8,280. Ermatinger, unknown to McCusker, was exaggerating the exchange rate in order to receive a quick credit with his London supplier, Benjamin Price. The high rate of exchange was quoted to Price to encourage him to employ Ermatinger as a commission agent to purchase wheat for an immediate advance credit of £30. A high rate of exchange made the purchase price of 3/6 Lawful per bushel (which was understated) more of a bargain.[46] On the same day, however,

Ermatinger received a bill of exchange drawn on Anthony Wharton from Joseph Bindon who had purchased the bill from Jacob Jordon at a rate of 127.20 Lawful to Sterling. Halifax to Sterling in another transaction on the same day exchanged as low as 107.00.[47] The prices of Montreal furs given in Tables 2.2 and 2.3 in Chapter 2 are expressed in Sterling and were reduced from Lawful currency to Sterling according to Table 1.3.

The source material for British civil and military expenditures in Quebec came from two sources. Material was liberally drawn from the research of John Shy found in his unpublished doctoral thesis, "The British Army in North America", which formed the basis of his subsequent book, Towards Lexington: The Role of the British Army in the Coming of the American Revolution. My thesis director, Professor Julian Gwyn, gave me his invaluable research notes on British military expenditures in North America during the eighteenth century. Without these notes Chapter 4 could not have been written.

NOTES TO CHAPTER I

1. Donald Creighton, The Commercial Empire of the St. Lawrence, 1760-1850 (Toronto: The Ryerson Press, 1937) pp. 8-9.Jean Hamelin, Économie et Société En Nouvelle-France, (Quebec: Les Presses de l'Université Laval, 1970), p. 128.

2. James F. Shepherd and Gary M. Walton, Shipping, Maritime Commerce and the Economic Development of Colonial North America, (London, 1972). The basis of the book arose from their doctoral dissertations completed in 1966 at the University of Washington. "A Quantitative Study of American Colonial Shipping" (Walton); "A Balance of Payments for the Thirteen Colonies, 1768-1772 (Shepherd).

3. Shepherd and Walton, Shipping, p. 4.

4. Shepherd and Walton, Shipping, Table 3.2. "Average Annual Commodity Exports of the British North American Colonies Coastwise, 1768-1772", p. 47, see footnote B. and Appendix 4, Table 2, p. 211.

5. All figures prefaced by the symbol Ł are expressed in pounds sterling, unless they are explicitly followed by a specific notation, i.e., Halifax. These estimates will not correspond exactly to those of Shepherd and Walton but should be approximate.
J. Shepherd and S. Williamson, "The Coastal Trade of the British North American Colonies, 1768-1772". The Journal of Economic History, XXXII (December, 1972), Appendix Table II, p. 807. Their estimates for the average annual imports to the port of Quebec for 'selected' commodities was Ł22.1 thousand or Ł110,500 for the five year period. The higher estimate is based on the importation of wines and manufactures as well as higher estimates for pork rather than beef imports. See Public Archives Canada, (hereafter PAC), MG 19, GI, vol. 10, Imports 1769.

6. Shepherd and Walton, Shipping, p. 139.

7. Shepherd and Walton, Shipping, p. 138. Quebec's deficit would have equalled thirty percent of the North American total.

8. Fernand Ouellet, Histoire économique et social du Quebec, 1760-1860: structure et conjoncture. (Montréal: Fides, 1966). Ouellet rejected Lawson's estimates as unrealistic and employed those given in PAC, MG 19, GI, vol. 10.

M. G. Lawson, Fur: A Study in English Mercantilism, 1700-1775, (Toronto, 1943), p.46.

9. This figure is based on calculations of the F.O.B. price of skin and castoreum exports 1768-1772. See Table 2.7.

10. John J. McCusker, "The Current Value of English Exports, 1697-1800", The William and Mary Quarterly, XXVII (Oct., 1971), p. 607.

11. Lawson, Fur, p. 79.

12. PAC, Treasury Board, (hereafter T), 64, Extracts, vol. 276A, "An Account of the Amount of the Average Value of Furs and Skins Imported into England from North America in the Years 1773, 1774 and 1775."

13. PAC, MG 20 A, Microfilm of Hudson's Bay Company Records, (hereafter HBC), Headquarters' Records, No. 43, Fur Sale Books, 1770 (PAC reel - HBC 475). Ibid., p. 79.

14. David McPherson, Annals of Commerce, Manufactures, Fisheries and Navigation, (London, 1805), 4 Vols. With the addition of skins and castoreum, McPherson's estimates are 316 percent higher, see Vol. 3, p. 573. Lawson, Fur, 'Appendix E', p. 148.

15. McPherson, Annals, p. 71.

16. Virginia Harrington, The New York Merchant on the Eve of the Revolution, (Glouschester, Mass., 1964), pp. 235-236.

17. T. E. Norton, The Fur Trade of Colonial New York, (Madison, 1974). Norton quotes Lawson on the insignificance of fur to New York's export economy. See pp. 199-200, Norton and Lawson, Fur, pp. 71-72. W. S. Dunn, "Western Commerce, 1760-1774" (Ph.d. dissertation, University of Wisconsin, 1971), p. 123.

18. W. S. Dunn, "Western Commerce", pp. 122-123. McPherson, Annals, Vol. 3, p. 573.

19. The definition of the balance of payments was taken from McCusker, "The Current Value", p. 608. See also Shepherd and Walton, Shipping, Chapter 8, "The Balance of Payments". Dunn, "Western Commerce", p. 123.

20. Summaries of which have been reprinted in Sir Charles Whitworth, State of Trade of Great Britain in its Imports and Exports...1697 (to 1773), (London: 1776). Reprinted in 1969 by Gregg International Printers Ltd., Westmead, England. Whitworth's summaries, corrected by Table 1.1 have been used in this thesis. A copy of Customs Record 3 is not extant in Canada.

21. G. N. Clark, Guide to English Commercial Statistics, 1696-1782, (London: Office of the Royal Historical Society, 1938), pp. 3-4.

22. The system by which Culliford, his clerks and his successors made their valuations and their subsequent stultification is lucidly and concisely explained by McCusker, "The Current", pp. 617-618, and Shepherd and Walton, pp. 176-177.

23. Clark, Guide, p. 38.

24. Both McCusker and Shepherd and Walton arrived at a C.P.I. through the works of E.B. Schumpeter, "English Prices and Public Finance, 1660-1822", Review of Economic Statistics, XX (1938): 21-37 and Elizabeth Gilboy, "The Cost of Living and Real Wages in the Eighteenth Century". Ibid., XVIII (1936): 134-143. As Customs 3 is a constant value series, the current value of imports for any one year is attained by multiplying Whitworth's compilation by the C.P.I. for any given year.

25. McCusker, "The Current", p. 628.

26. The gross value of official English exports and re-exports to the northern colonies between 1768 and 1772 was £1,202,553. Quebec's portion totalled £891,418 or 74.13 percent. Re-exports to the Northern colonies were valued at £285,265. Quebec's estimated share of re-exports was, thus, £191,451.

27. Shepherd and Walton, Shipping, pp. 184-5.

28. The Irish Inspector-General's Ledgers do not give values of trade goods sent to the individual North American colonies. Quebec and Ireland engaged in active trade between 1769 and 1772. Twelve vessels totalling 1,760 tons entered Quebec from Ireland. Irish exports consisted primarily of foodstuffs and linen. Customs 16/1 recorded imports from Great Britain and Ireland in 1769, 1770 and 1771. During those three years over 73,500 lbs. of cheese, 1,185 firkins of butter, 8,692 barrels of beef and pork and 136,300 yds. of Irish linen were sent to Quebec. The estimated C.I.F. value of the foodstuffs was £13,680 and the linen at the 1770 price was valued at £8,000. The Irish linen trade was dominated by English merchants (see Shepherd and Walton,

Shipping, pp. 181-182) and a generous estimate would see half the imported Irish linen coming directly from Ireland. There were no recorded entries from Ireland to Quebec in 1768, but four vessels totalling 442 tons entered from Ireland in 1772. This approximated the Irish tonnage for the previous three years. The average value of exports for those three years (£5,890) was used to estimate the value of Irish imports in 1772.

29. PAC Report, 1888, "Calendar of the Haldimand Collection", Vol. 3, pp. 2-19. "Statistics of the Trade of Quebec, 1768 to 1783", (hereafter referred to as STQ).

30. Elizabeth Craig, "Economic Conditions in Quebec, 1763-1783". (M.A. thesis, McGill, 1937), p. 84.

31. The background of Customs 16/1 is drawn from Shepherd and Walton, Shipping, p. 204 and from the introduction to the microfilm copy of Customs 16/1, by R.C. Jarvis. A copy of the microfilm is available in the University of Ottawa Library. Mcf. HF. 1754. A48.

32. Shepherd and Walton, Shipping, p. 206.

33. An additional 675 tons comprised of sixteen vessels are recorded in Customs 16/1.

34. PAC, MG 19, GI, Vol. 10, "Furs and Skins Exported, 1765-1773".

35. For example, 75,521 pounds of cheese and butter, 8,692 barrels of beef were imported from Great Britain and Ireland between 1769 and 1771. In 1769, over 1,600 tons of flour were imported coastwise.

36. PAC MG 19, GI, Vol. 10.

37. The Statistics of Trade list 459 cwt. of ash exports, Customs 16/1, 776 cwt., PAC MG 19, Vol. 10 lists 6,142. One entry which lists 5,540 cwt. should probably have been 55 cwt. and 40 cwt. Estimate based on Customs 16/1 and price histories cited in the introduction.

38. Abstracts of Beazanson's price history have been reprinted in The Historical Statistics of the United States: From Colonial Times to Present, (New York: Basic Books Inc., 1976), Section Z, pp. 558-577 and have been used in this thesis.

39. McPherson, Annals of Commerce, Vol. 3, pp. 572-573.

40. Shepherd and Walton, Shipping. Pine boards and hoops, p. 208; oak boards and pearlash were evaluated at a higher rate based on the difference between oak timbers and pine timbers and pearlash and potash. See McPherson, op. cit., Vol. 3, pp. 572-573. For other prices see Walton and Shepherd, op. cit., Appendix 4.

41. John J. McCusker, "The Rum Trade and The Balance of Payments of the Thirteen Colonies". Ph.d. dissertation, University of Pittsburgh, 1970. Customs 16/1 separates West Indian imports into two categories: imports from the Foreign West Indies (Dutch, French and Spanish) and from the British West Indies. The bulk of Quebec's imports from the West Indies were foreign, probably French, and realized lower prices. See McCusker, p. 401.

42. John J. McCusker, Money and Exchange in Europe and America, 1600-1775: A Handbook, (Chapel Hill, N.C.: University of North Carolina Press, 1978), p. 232.

43. PAC, Ermatinger Estate Records, (hereafter EE), Series 3, vol. 87, Lawrence Ermatinger Cash Book, 1770-1773, passim. For example, 4 Sept. 1770, 9 Feb. 1771, 21 Sept. 1771.

44. McCusker, Money, p. 232.

45. PAC, EE, Series 3, vol. 87, entries of 8 Oct. 1770, 5 Nov. 1770, 7 Feb. 1771, 15 June, 1771, 16 Oct. 1771, 2 April 1772, 3 Aug. 1772, 21 Sept. 1772, 6 Oct. 1772.

46 PAC, EE, Series I, vol. I, Ermatinger Letter Book, Ermatinger to Benjamin Price (London) 30 Sept. 1772. On the same day Ermatinger purchased 360 bushels of wheat for 416 (Lawful). See EE Series 3, vol. 87, Sept. 30, 1772.

47. Ibid., 30 Sept. 1972.

CHAPTER II

THE FUR TRADE, 1768-1772: A RECONSTRUCTION

I

The bulk of this chapter is concerned with determining the F.O.B. value of furs exported from Quebec between 1768 and 1772 and estimating the profits or invisible payments returning to Quebec after their export and sale in London. No one has supplied a complete quantitative model of the fur trade for any period of time which draws together the constituent parts of the trade including: the magnitude of investment, the regions to which this investment was directed and, hence, the regions from which these furs originated, established price histories for Canadian furs drawn from these regions, both in Quebec and in London, investigated the costs of shipping, preparing and marketing furs in London and calculated the profit margins garnered by fur traders and exporters. With some notable exceptions,[1] the econometrics of the fur trade were abandoned with the publication of Lawson's thesis and the implicit endorsement of its conclusions by Harold Innis who wrote the introduction to Lawson's publication. Innis' own seminal works on the fur trade, although packed with quantitative information, did not encompass a complete econometric analysis of the fur trade.

This chapter draws on quantitative data which has been used by Innis

and other scholars, re-evaluates this data in the light of new data on fur prices and outlines the methodology used to build a new and more exact model of the fur trade. The study of the method is not simply an exercise in arcana but a method in itself to answer some fundamental questions about the fur trade. Did trader and exporter realize any profit on their investment? If so, of what magnitude were these profits? How did the trade support the continued existence of the colony? Of what importance, if any, was the fur trade to the export economy of British North America? In an attempt to address these basic questions, after a brief introductory section on the general aspects of the fur trade from 1760 to 1768, this chapter will examine the component parts of the structure of the fur trade for the years 1767 to 1772 inclusive.

The obstacles to Quebec's maintaining its dominance in the fur trade after 1760 were enormous: no longer were two hostile empires competing for furs but the main rivals of the merchants of Montreal and Quebec were fellow subjects operating from New York and Hudson's Bay. The resultant overcompetition between these three and the post-war depression led to three years of ruinously depressed markets between 1766 and 1768. Compounding these problems was Pontiac's rebellion of 1763 which all but strangled trade that year and resulted in the overly stringent regulation of the trade by the military. In spite of these obstacles, Quebec, by 1770, regained and solidified its control of the trade.

The British government's response to Pontiac's abortive rebellion in 1763 was to neutralize the Indians' fears of losing their homelands by the Royal Proclamation of 1763 which forestalled settlement west of the Ohio. In addition, the Board of Trade Plan of 1764 attempted to control the fur trade and protect the Indians from the avarice of traders, all too eager to defraud Indians of their furs in return for liquor. Traders were not allowed to winter with, or advance credit to, Indian trappers, but were restricted to a few specified posts in the West. In addition, they were required to post a bond for double the value of goods in their outfit. The regulations were extremely unpopular with the merchant community of Montreal and elicited several petitions calling for the deregulation of trade citing encroachments of the New Orleans French in the Illinois, military mismanagement, favouritism towards and profiteering by army officers at the western posts and the complaints of the Indians who desired the traders to winter at their villages rather than to make the arduous trek to the posts.

The economics of maintaining a large garrison in the west were a considerable factor in deregulation: Lord Barrington, the Secretary of War, repeatedly wrote the Commander-In-Chief in North America, General Gage, complaining of the exorbitant cost of the frontier garrisons. Finally, in July of 1767, Lord Shelbourne ordered Sir William Johnson, the Superintendent of Indian Affairs for the Northern Department, to open trade north of the Great Lakes. This action had been anticipated by the commissary at Michimilimackinac who issued a

general permit to trade in the summer of 1767. In August of 1768, a circular by Gage confirmed the status quo of 1767 and allocated responsibility for the fur trade north of the Great Lakes and at Michimilimackinac to the Governor of Quebec and that of posts on Lakes Ontario and Erie to New York. The only vestige of the old system to remain was the necessity of procuring a trade licence and posting a bond.[2]

The rapid reincursion of traders from Montreal into the region drained by Hudson's Bay was the first step in Quebec's re-affirmation of its dominance in the North American fur trade. The Hudson's Bay Company had enjoyed a virtual monopoly in northern trade from the middle 1750's. With the exception of the distant Eastmain post, the volume of trade at all posts grew rapidly after 1755, peaked around 1762-1763, but thereafter declined steadily.[3] As early as 1766 the posts on James Bay began to feel the effects of certain English at Abitibi Lake up the Nordway River. No beaver or marten was brought to Fort Albany that year as the Indians had been trading inland. Trade at York Factory declined precipitously from 31,000 skins in 1766 to 18,000 in 1768 and the Montrealers were said to be only fifteen to twenty days paddle from the York Factory.[4] Between 1765 and 1772 the value of furs traded at York Factory in Made Beaver (the Hudson's Bay Company standard of trade) declined from approximately 29,000 Made Beaver to 19,000 Made Beaver.[5] Canadian traders not only "diminished trade by the Bay but culled off the finest and lightest furs".[6] Ferdinand Jacobs, writing from York

Factory in 1768, complained to the company's directors not only of the loss of trade but of the fact that the Canadians had sent "several very Large canoes Loaded with the best of the Furs down to Canada".[7] Competition by Canadian traders was so intense that the Hudson's Bay Company in 1768 considered a plan to buy Canadian furs in Montreal to control the appearance of prime quality Canadian furs on the London market.[8] By 1771 the London committee were:

> ...giving close attention to the sort of furs which the Pedlars (Montreal traders) were bringing to the London Market, and were writing to the Bay-governors to say that for the most part the pelts which came by way of Quebec were thicker than the Bay posts produced; from their quality they seemed to come from the back of our Settlements and they met with such a good market in London that the Committee invited from the governors suggestions as to the means for extending the Company's trade and securing such skins. [9]

The Montrealers' reconquest of the territories abandoned to the Hudson's Bay Company was, thus, total by 1768.

The attempts of New York and Pennsylvania merchants to wrest the trade of the west from Quebec, although initially successful, were largely thwarted. American trading ventures were concentrated in the Niagara-Detroit region.[10] In the early post-Conquest period (1760-1767) American merchants undertook 87.5 percent of the trading ventures to the Niagara-Detroit region and almost half of all trading ventures to the west. However, in the period leading up to the American Revolution (1768-1774) the American share of the Detroit market fell to 50.8 percent and a mere 13.7 percent of all trading ventures.[11] The reasons

for their decline can be found in the unshackling of trade in 1767 to the advantage of the experienced French traders, the concentration of American investment in poorer Detroit furs,[12] the effects of the ruinous domestic markets in 1767 and 1768 and the non-importation agreements of 1769 which severely constrained their ability to supply their western factors in 1770, and Quebec's decided superiority in collecting, organizing, and transporting dry goods to the west via the Ottawa to Michimilimackinac.[13]

The final blow to the New York trade came in 1774 with the Quebec Revenue Act. Forced to pay duty on rum imported inland through New York the chief competitive advantage over Montreal was lost. The non-importation agreements of December 1, 1774 cut the flow of trade goods from New York and the call of the Continental Congress for non-exportation in 1775 forced the New York traders who wished to remain in the trade to cast their lot with Montreal.

The challenge of the New York and Bay traders was not met by a "combination of English merchants' capital and French manpower"[14] but by Francophone merchants and traders, who in the years 1769, 1770 and 1772 supplied over 70 percent[15] of the capital invested in the fur trade out of Quebec. Excluding the trade from Hudson's Bay, Francophone merchants backed 36 percent of all expeditions to the west between 1760 and 1767 and as the small-time New York traders disappeared, Francophone merchants controlled over 60 percent of the total British North American fur trade between 1768 and 1774.[16]

Francophone dominance of the fur trade was maintained in the years before the American Revolution but declined rapidly after 1774. As Anglophone merchants began to pool their capital in a series of combinations to exploit the more lucrative, but expensive, expeditions to the territory north of Superior, the numerically superior French traders invested increasingly smaller amounts of capital in proportion to their Anglophone counterparts and, abandoning the North-west, concentrated their efforts in the Michigan-Wisconsin-Illinois regions.[17] The Francophones' refusal to concentrate their capital in joint business ventures and adapt to the technological innovations in transportation were part of the reason for their rapid eclipse after 1774. However, the ability to compete may have been seriously eroded in the period before 1768 when the international market for furs experienced a roller-coaster adjustment to the post-war economy. The trading season of 1763, all but nullified by Pontiac's rebellion, was followed by two years of bullish British fur markets that saw profits of twenty-one percent returned to some exporters.[18] The buoyant market suddenly collapsed in 1766. Prices for prime parchment beaver plunged forty-three percent in the Hudson's Bay fur auctions from 10.76 shillings per pound in 1765 to 7.11 shillings per pound in 1766. In Montreal the following autumn the price per pound of beaver pelt dropped by thirty-two percent from 4.51 shillings per pound to 3.09 shillings per pound in 1767. The sagging market was tied to the overcompetition between Quebec, Hudson's Bay and Albany, the post-war depression and a flooded beaver market caused by a reduction of tax on beaver skins, from 6d. to 1d. in 1764.[19]

The following year the London market for beaver touched bottom with a further decline of seven percent. Traders, such as Forrest Oakes, who had received 4.51 shillings per pound for beaver in 1765 saw the sale price decline over the next two years by 32% and 27% respectively. As beaver was worth roughly half of all fur exports, the decline was devastating. Prices for marten and otter also suffered during the slump. Martens which had sold between 7/8 to 11/8 in the Hudson's Bay auction of 1765 dropped to an average of 8.61 shillings in 1766 and 8.19 shillings in 1767. In Montreal, marten which had brought 2.88 shillings in 1765 dropped by twenty-two percent to 2.26 shillings in 1766 and 2.4 shillings in 1767. Otter which had sold as high as 21 shillings in 1764 fell to between 15/2 to 15/6 in the Bay's auction of 1765 and averaged 12.37 shillings and 12.16 shillings in the Bay auctions of 1766 and 1767 respectively.[20]

Slumping markets in London had an immediate effect in North America. A web of debt soon extended from London to Michimilimackinac. Lawrence Ermatinger, the Montreal merchant and outfitter, successfully purchased and exported furs on his own account and that of his London partner, James Tyro, in 1765. The partnership which exported £638 of beaver in 1766 was bankrupt in 1767. The murderous drop in the London price for beaver would have produced a loss of approximately £200-280 on their consignment of beaver.[21] Compounding their losses the estate of Tyro-Ermatinger was owed, as late as 1770, over £2,935

TABLE 2.0

WHOLESALE PRICE OF FURS SOLD IN THE HUDSON'S BAY AUCTIONS, 1766-1772
(IN SHILLINGS STERLING)

	1766	1767	1768	1769	1770	1771	1772
BEAVER (PARCHMENT) PER POUND	7.11	6.63	9.64	11.28	13.5	12.5	11.89
MARTEN	8.61	8.19	9.45	7.97	5.07	5.07	7.38
OTTER	12.37	12.16	13.2	15.94	15.98	21.68	19.01
WOLVES	26.5	26.44	33.77	30.85	21.88	22.95	25.84
WOLVERINE	19.12	19.035	25.04	21.63	14.69	16.88	23.23
MUSQUASH OR MUSKRATS	.453	.6486	.792	.853	.722	.75	.875
CATS OR LYNX	13.78	18.42	27.25	25.87	23.87	13.38	11.05
FOXES	6.78	6.126	7.41	5.67	8.59	9.65	6.52
FISHER	6.522	6.382	7.0	5.5	3.75	3.58	3.83
DEERSKINS	6.79	6.61	6.07	5.79	6.67	5.93	3.92
ELK		4.65	5.81	5.08	5.61	6.0	5.80
MINK	5.68	5.40	4.75	4.42	3.5	3.92	5.08
CASTOREUM PER POUND	9.93	9.29	8.52	8.66		11.04	9.97

Source: PAC, MG 20 A, Hudson's Bay Company, Headquarters Records, No. 43, Fur Sale Books, (PAC reel-HBC 475).
Prices are for 'good' furs only and do not include prices paid for 'spring' or 'damaged' skins.

by various small time traders. Ermatinger considered half of these debts impossible to recover, as his debtors were either bankrupt or were hiding in the Upper Country.[22] Exporters' losses on beaver, marten and otter in the sales of 1766 and 1767 were exacerbated by a large volume of unsold furs. Over 334 prime beaver skins, 230 cub beaver skins and 766 seasoned marten skins in the consignment of the Montreal merchants, John and Robert Stenhouse, went unsold in London's public auction of 1767.[23] On the other side of the Atlantic, Duncan Phynn and Ellice of Schenectady held over £N.Y.3,000 of unsold furs in the warehouse of their New York wholesaler in 1767.

Traders fared no better: Forrest Oakes lost £26.2.8 in his venture of 1766. After a voyage of several thousand miles the loss must have been heart-breaking. The rock-bottom prices in 1767 and 1768 rendered the prospect of breaking even on a venture almost impossible. The years 1766 to 1768 must have left many a budding capitalist, Francophone or Anglophone, broken or hopelessly in debt.

The outlook in the fall of 1768 and early winter of 1769 was bleak. Yet both merchants and traders had no recourse other than continued investment in the fur trade. The secondary export industries were in the process of revival and, although progress was ongoing, healthy fur exports were necessary for economic survival. Just as it appeared that the London fur market would totally collapse, it

experienced a dramatic recovery. In the Hudson's Bay auctions of Christmas 1768 and the spring of 1769 the wholesale price of prime parchment beaver rose by 32% from 6.63 shillings to 9.64 shillings. The following fall, in Montreal, the price for prime parchment beaver rose 25%. The market for beaver in both London and Montreal, with only a minor relapse in 1770-71, continued to rise smartly resulting in a wholesale increase in the value of exports and invisible earnings of the colony. The spring of 1769 marked the beginning of the return of prosperity to Quebec.

II

The Value of Fur Exports, 1768-1772

In order to determine the value of fur exports three steps are necessary. First, the number of furs coming from three distinct regions had to be established. The three major regions from which furs were drawn were: the Southern region comprising the areas of the St. Lawrence Valley including the environs of Montreal, Trois-Rivières and Quebec, the King's Post at Tadoussac and the areas trading to Lakes Ontario and Erie including Niagara and Detroit; the Western region including the territories bounded by Lakes Huron and Michigan, Central Ontario, Wisconsin and the Illinois accessed via Michimilimackinac; and the Northern region comprised of the territories north and west of Lake Superior and the region drained by Hudson's Bay. Secondly, price data from each region had to

be established. Finally, F.O.B. values were estimated by using a combination of export data, as listed in the Customs returns and regional returns with price details.

The guide to determining the origin of furs coming to market can be found in the trade licences issues to Canadian traders and merchants. Licencees were required to post bond for twice the value of the goods sent up country. Gun powder, shot, rifles and alcoholic beverages were listed on each licence as was the value of all merchandise including the aforementioned articles. The licences allowed traders to pass to certain areas, usually Detroit, the Illinois County, Michimilimackinac, and north-west via Lake Superior and Grand Portage, and "thence to Such Markets or parts as he shall find most advantageous for the disposal of such merchandise..."[26] Traders were also at liberty to dispose of goods en route as long as a record of sale was taken and the captain of the post for which he was destined was property informed.

The trade licences do not form a complete series. Most of the licences taken out before 1769 have been lost. However, the licences for the years 1769 and 1770 are over ninety percent complete and over eighty percent of the licences issued in 1772 are extant.[27] With the data supplied by the licences for these three years and the data supplied by the commandant of Michimilimackinac, Robert Rodgers, for the trade from Michimilimackinac in 1767, reasonably accurate estimates of the regional investment can be summarized in the following table:

TABLE 2.1

ESTIMATED REGIONAL INVESTMENT IN THE FUR TRADE,

1767-1772, IN LAWFUL CURRENCY

YEAR AND PERCENTAGE OF TOTAL	SOUTHERN REGION DETROIT-LAKE ONTARIO-KING'S POSTS		WESTERN REGION ILLINOIS-LAKE MICHIGAN-HURON		NORTHERN REGION LAKE SUPERIOR NORTH-WEST		TOTAL
1767	10,000	21.80	24,309	53.00	11,595	25.20	45,904
1768*	10,000	24.60	19,328	47.50	11,360	27.90	40,668
1769	12,648[1]	33.20	14,346	37.60	11,125	29.20	38,119
1770	10,079[2]	23.00	18,625	42.50	15,140	34.50	43,844
1771*	8,186	17.90	20,917	45.60	16,750	36.50	45,854
1772	6,293	13.20	23,210	48.50	18,361	38.30	47,864

* Estimates for 1768 and 1771 were arrived at by averaging the investment in the year preceeding and following except for the Detroit-Lake Ontario-King's Post region in 1768 given an arbitrary estimate of £10,000 Lawful.

1. Includes £2,500 Lawful currency invested by St. Martin Adhemar destined for Fort Chartres in the Illinois country via Niagara.

2. Does not include £6,000 Lawful invested by Phynn, Ellis and Porteous of Schenectady sent to Detroit via Montreal.

Source: C.E. Lart, "Fur Trade Returns 1767," Canadian Historical Review, 1922: 351-358, PAC, RG, 4, B28, Trade Licences, vols. 110-114.

The information on regional investment given by the trade licences was certainly not as precise as that found in the preceding table. Of the £135,828 Lawful invested in the fur trade in the three years 1769, 1770 and 1772 some £63,278 Lawful was registered for Michimilimackinac. The major entrepot of the western fur trade, Michimilimackinac was the base from which traders received their goods, returned their furs to Montreal and departed to their wintering places among the Indians. Roughly one-third of the canoes departing Michimilimackinac in Roberts' report of 1767 left for Lake Superior and the North-West. The remainder headed for LaBaye (Green Bay, Wisconsin), the Illinois, Lake Huron and the headwaters of the Mississippi. This pattern of investment was common during the French regime: of the one hundred canoes departing annually from Michimilimackinac to the hinterlands, 18 were destined for the North-West and 18 for Lakes Superior and Nipigon, 52 were bound for destinations accessed via Lake Michigan while the remaining 12 canoes were evenly divided between servicing posts on Lake Huron and Michimilimackinac.[28] Accordingly, investment to Michimilimackinac was re-distributed on the basis of one-third to the Northern region and two-thirds to the Western region.

No data exist to quantify the investment to the southern region for the years 1767 and 1768. Investment to the Southern region those years was arbitrarily set at £10,000 Lawful. Although some £12,468 was invested in the Southern region in 1769, the lower estimate seems reasonable. Higher investment in 1769 was in

response to the non-importation agreements of 1768-1770 which seriously eroded the New York trade in the Detroit area. In the spring of 1769 there was still enough merchandise on hand that the New Yorkers did not suffer greatly but by the late summer the shortage was acute.[28] In 1770 the partnership of Phynn, Ellice and Porteous sent £6,000 Lawful worth of goods via Montreal to Detroit. The furs traded to pay for these goods were absorbed by the New York market or exported via New York, and the £6,000 Lawful must be subtracted from the £14,163 Lawful invested in the Detroit area. The non-importation agreements of 1769 partially explain the high volume of merchandise sent to Detroit in 1769 via Montreal. From £11,848 Lawful invested in Detroit in 1769 only £8,463 was invested in 1770 and £4,212 Lawful in 1772. The decline in Canadian investment can be linked to excessive competition and the consolidation of American merchants and capital in Detroit. As early as 1768-69 furs from the Detroit region became difficult to sell. The number of American merchants engaged in trading ventures in the Detroit area declined dramatically from 422 between 1760 and 1767 to 63 between 1768 and 1774.[29] Duperon Baby, a merchant in Detroit, blamed the declining market for Detroit furs to the switch to small luxury furs (beaver, otter). By 1771 he adjusted to this 'revolution in peltries', and dealt only in small luxury furs. After 1770 only the finest Detroit furs found their way to the Montreal market.

Price data for furs sold in Montreal were drawn from three distinct sources. The first was found in the Ermatinger Estate Records which include the

account books of Lawrence Ermatinger, a Montreal merchant and trade outfitter, and his brother-in-law, the fur-trader, Forrest Oakes. Included in the collection is the account book of the Montreal merchants, John and Robert Stenhouse, which gives valuable information on the sale of furs in London in 1766 and 1767. Oakes began trading as early as 1761[30] and by 1766 was concentrating his efforts in the Lake Nipigon area and the North-West.[31] The results of his yearly fur sales are recorded in his account book and in those of Ermatinger who sold the bulk of Oakes' furs in Montreal or exported them on their joint account. Their account books with the exception of 1767 and 1774 provide a continuous record of fur prices from 1765 to 1775. The second source contained two account books, one belonging to the Montreal Merchant, Jean Bernard which provided data for 1767 and 1768[32], the other by an unknown merchant or merchants, identified by the mark CAR, who purchased furs from a variety of fur traders in 1770. These furs were exported on his/their own account through the agentry of John and Robert Stenhouse.[33]

TABLE 2.2

WHOLESALE PRICE OF FURS SOLD IN MONTREAL, 1765-1772 BY LAWRENCE ERMATINGER AND FORREST OAKES (IN SHILLINGS STERLING, LAWFUL CURRENCY AT PAR)

	1765	1766	1768	1769	1770	1771	1772
BEAVER PER POUND	4.51	4.51	3.95	5.23	6.23	5.9	6.73
MARTEN	2.88	2.26	3.69	3.89	3.76	3.25	3.36
OTTER	11.28	11.28	10.53	12.03	13.53	13.53	15.73
MINK		2.26	2.87	2.88		2.16	2.18
FISHERS	6.02	6.02	3.09	4.51	3.76	3.0	3.0
FOXES	3.76	2.26	3.01	3.63	2.26	2.61	2.6
BEARS	9.77	11.28		9.02	9.02	4.51	6.02
DEER IN HAIR		4.511	3.01	3.2	3.38		
DRESSED DEER PER POUND	3.13		1.69		1.69	1.8	1.88
WOLF	3.76	3.01	6.76	6.75	4.51	3.38	5.26
WOLVERINE			6.78		6.02		7.52
MUSKRATS		.376	.226	.44			.627
RACOONS	3.13	1.880	1.5	2.193	.276	1.13	
CASED CATS - LYNX	9.02		9.49	13.4	13.53	13.53	12.34
OPEN CATS	3.76	1.89					
ELK	9.77	11.28	12.03	12.03	9.02	6.77	5.27
CASTOREUM PER POUND							
SEAL					2.63		

Source: PAC, MG 19, A2, The Ermatinger Estate Records.
Series I, Volume I, The Letterbook of Lawrence Ermatinger, 1765-1781.
Series I, Volume 3, The Account Book of Forrest Oakes, 1764-1780.
Series I, Volume 82, Ermatinger Rough Account Book, 1764-1776.
Series I, Volume 86, Ermatinger Rough Account Book, 1767-1776.

TABLE 2.3

WHOLESALE PRICE OF FURS SOLD IN MONTREAL BY JEAN BERNARD, 1767-1768, THE MERCHANT CAR, 1770 AND PRICES FOR FURS SELLING IN MONTREAL AS QUOTED IN THE BABY CORRESPONDENCE, 1771-1773

	1767	1768	1770	1771	1772	1773	1773
BEAVER							
PER POUND	3.09	3.31	4.92	5.53	6.22	4.88	6.02
MARTEN	2.4	3.18	2.66	2.26	3.383		3.38
OTTER	10.1	10.33	12.03	13.533		15.04	15.8
MINK	2.26	2.17	2.17				3.38
FISHER	3.81	3.76	3.76	2.63		3.25	3.38
FOX	2.53	2.64	2.65				
BEAR	8.0	9.94	6.01	5.26			
DEER IN HAIR	2.82	3.01	3.38		3.76		
DRESSED DEER PER POUND	1.54	1.56	1.56	1.66	1.73		1.74
WOLF		4.511	4.511			6.02	
WOLVERINE		10.53	6.77			7.53	
MUSKRATS	.253	.302	.377		.563	.676	
RACOONS							
CASED CATS - LYNX		9.52				9.02	11.28
OPEN CATS	1.11	1.14	.973	1.12	1.353	1.5	
ELK	12.28	15.64	8.26	6.76		9.02	
CASTOREUM PER POUND		3.309	3.78	4.51		4.88	
SEAL							

Source: PAC, MG 24, L 3, Baby Collection, Livre de comptes anonyme, 1767-1770, Jean Bernard. Livre de comptes anonyme, 1969-1971, Charles Auguste Réaume.

Ibid., Baby Collection, Correspondence, vol. VI, 11 Aug., 2 Sept., 8 Sept., 5 Oct., 1771; 27 July, 3 Aug., 13 Aug., 1772; 12 Aug. 16 Aug., 23 Aug., 30 Aug. 1773.

Bernard purchased most of his furs in 1768 from Louis and August Chaboillé who operated out of Michimilimackinac[34] and Pierre Fortier[35] who traded to Lake Michigan. In 1770 the merchant CAR dealt with traders based from the Detroit area (Pierre Depelteau), the Upper St. Lawrence[36] (Joseph Hertelle) and Michimilimackinac - Wisconsin (Laurent Ducharme and Jean Baptiste Cazeau)[37]. General price data can also be found in the collected letters of the Baby family[38]. The letters received by François Baby, a Quebec import and export merchant, from his friend and associate Pierre Guy, a Montreal merchant and fur trade outfitter, and Baby's brother-in-law, Le Compte Dupré, gave Baby general intelligence on the progress of the fur sales in Montreal from 1771 to 1773.

Beaver, marten, otter and deerskins accounted for over three-quarters of the estimated value of fur exports between 1768 and 1772: beaver realized 46.5% of the total, while deerskins (13%), marten (10.6%) and otter (9.9%) followed in relative value. Deerskins displayed little variation in price by region, but beaver, marten and otter commanded marked differences in price depending on their origin. Lesser furs such as bear, fox and mink could vary by as little as four percent to forty-four percent, depending on their origin and year of sale.[39]

Furs, like other luxury commodities such as precious metals, jewels or perfumes, vary in quality and, thus, in price. Beaver pelts, for example, trapped in

the area around Lake Winnipeg commanded a superior price to a pelt taken from the south shore of Lake Erie. As tables 2.2 and 2.3 demonstrate, the northern beaver and marten sold by Lawrence Ermatinger and Forrest Oakes in 1768 brought higher prices than those purchased by Jean Bernard from traders who operated from the western region. For example, beaver purchased by Bernard from Pierre Foretier and Louis and August Chaboille was 16% cheaper than that sold by Oakes. Marten varied downwards by 24% but there was no difference in the selling price of otter. Price differences from all three regions can clearly be seen in the following table drawn from the sales in 1770 of Forrest Oakes, Laurent Ducharme and Jean-Baptiste Cazeau and Joseph Hertelle.

TABLE 2.4

Selling Price of Beaver, Marten and Otter, 1770
(in shillings sterling)

Fur	Oakes Northern	Ducharme & Cazeau Western	Hertelle Southern
Beaver (per lb.)	6.23	4.88	4.70
Marten	3.76	3.38	2.63
Otter	13.53	12.03	12.03

Sources: Table 2.2 "Wholesale Price of Furs Sold in Montreal, 1765-1772 by Lawrence Ermatinger and Forrest Oakes".
Table 2.3 "Wholesale Price of Furs Purchased in Montreal by the Merchant CAR, 1770".

Beaver from the western area brought 22% less than northern beaver, while that from the south sold at 25% discount. Western marten varied downwards by only 10%, while southern marten realized a 30% discount and otter from both the Western and Southern region brought only 11% less than northern otter. Ermatinger's letters provide a contemporary confirmation of the beaver price differentials in 1770. In a letter to Oakes dated September 5, 1770 he writes: "...Beaver continues to keep the Price up and is sold from 6 livres 10 to 8 livres (4.52/stg—5.56/stg.) a lb. french Wt. Otters 17 livres, Other Peltries, Particularly martens are sold very low, fishers, bears, minks and Elks are sold for almost nothing at all..."[40] The price spread for beaver thus varies from twenty-seven percent at its highest to twenty percent in the mid-range, while otter only varied by five percent.

As table 2.5 demonstrates, a similar spread was apparent in 1771:

TABLE 2.5

SELLING PRICE OF BEAVER, MARTEN AND OTTER IN SHILLINGS STERLING JULY 28-AUGUST 11, 1771; SEPTEMBER 2-5, 1771; OCTOBER 5, 1771

Fur	July 28-August 11	September 2-5	October 5 [1]
Beaver	4.53	5.49	5.92
Marten	3.07	2.82	3.25 [2]
Otter	12.03	13.53	13.53

Sources: PAC, BC, Correspondence, vol. VI, "St. George Dupré à François Baby", 11 August 1771.
Ibid. 2 September 1771.
Ibid. "Pierre Guy à François Baby", 2 September 1771.
Ibid. St. George Dupré à François Baby, 8 September 1771.
Ibid. Pierre Guy à François Baby, 5 October 1771.
1 Furs belonging to Maurice Blondeau.
2 Marten price from Forest Oakes.

Furs sold in July and August would have mainly been those from the Southern region mixed with some furs from Michimilimackinac, owing to the shorter distance to market than those coming from the far west. The bulk of the furs from Michimilimackinac appears to have arrived in late August to early September and those from the northwest in early October.[41] Beaver arriving in July and August sold at twenty-three percent under the price received by Oakes and Maurice Blondeau in 1771. Beaver sold in early September was only twelve percent under the price received by Oakes and Blondeau. Marten from the west varied downward ten to fourteen percent from the top price. In 1772 the gap between prices was closing still further. In a letter to Randle Meridith at Quebec, Ermatinger wrote that eight livres, ten sous (5.92 sterling) was offered for 'common beaver'[42], a difference of only twelve percent between the eventual price realized that year for Oakes' beaver.

The estimated F.O.B. value of furs exported from Quebec, from 1768 to 1772, found in Table 2.7, has been adjusted to reflect regional investment and price variations. The lesser furs and deerskins were adjusted according to the price differences in Table 2.2, the Ermatinger-Oakes price index, and table 2.3 the Bernard-CAR-Baby index. The crucial adjustments were for beaver, marten and otter as they accounted for 67% of the estimated value of fur exports.

The formula used to calculate the value of beaver, marten and otter exports was to multiply the volume of exports by the percentage of regional investment (found in Table 2.1) for the prior year[43] by regional price data. A variation from Table 2.1 (Regional Investment in the Fur Trade) was made for the Northern region to exclude investment to posts on the south shore of Lake Superior. Accordingly, 30% of the investment to the Northern region was subtracted and added to the Western region[44]. This was done to ensure that the price data for northern furs given in the Ermatinger-Oakes index would only be applied to furs coming from the areas from which the Hudson's Bay Company drew its furs. This both ensured a conservative estimate of F.O.B. exports, and allowed for accurate comparisons on the sale price of Quebec's furs in England when compared to those sold at the Hudson's Bay Company auctions. A further variation was made to investment in the Northern region in 1769. Some of the traders to the North-west had their canoes despoiled by the Cree or were turned back at Rainy Lake. Although some traders, such as Forrest Oakes, traded successfully to the North-west that year, the effects of the Indian revolt lowered the returns significantly: trade at York Factory which had reached a level of 31,000 Merchantable Beaver in 1766, slipped to 18,000 in 1768 but rebounded to 34,000 Merchantable Beaver in 1769[45]. In order to account for the failure to penetrate to the North-West in 1769, regional investment was cut in half from 22% to 11% and redistributed to the Southern and Western regions[46].

The data in the Ermatinger-Oakes price index (Table 2.2) were used as the base for regional price data. Furs from the Western and Southern regions were reduced in value from that base to reflect normal price differentials. In spite of narrower gaps in prices for all furs in 1768, 1771 and 1772, to ensure conservative estimates, the price of beaver drawn from the Southern region was reduced from the Ermatinger-Oakes price index by 27% - the widest margin recorded - and by 20% for beaver originating from the Western region. Southern and Western marten and otter were reduced from the Ermatinger-Oakes price index by 20% and 10% respectively.

Quantity data for fur exports were based on table 2.6 'Furs Exported from Quebec, 1764-1772'. The export figures were treated on the basis that each fur exported represented a 'good' fur. Furs were bought, sold and exported in proportion, in both New France and Quebec.[47]

> The manner in which quantities and prices are entered into accounts suggests that once the price of a good quality pelt was determined, a specific lot was examined for quality. If the furs were inferior in whole or in part, the lot was regarded as equal to a lesser number of perfect pelts and their total value was computed on that basis.[48]

The process both simplified bookkeeping and ensured that lesser quality skins were not taxed on importation at the same level as good skins. The Hudson's Bay

Company employed a similar method of computation. Summer, or damaged beaver, was rated at one-half a 'Merchantable Beaver' and listed in the company's invoices as one-half beaver, although it was a full skin.[49] Beaver and bear cubs received similar treatment. For example, five bear cubs were rated as equal to one bear in a purchase by Ermatinger in 1771.[50]

Both beaver and dressed deerskins were purchased by the pound (weight) or livre. The prices recorded in Table 2.3 by French merchants for both articles were reduced by 7.34 percent to adjust the slightly heavier French livre to the English pound[51]. Customs records listed beaver exports by skin, although beaver was universally purchased by the pound. Accordingly, each pelt exported was given an arbitrary weight of one and a half pounds, although this may understate the value of beaver exports[52].

The upswing in fur prices after 1768 brought a rapid rise in the value of Quebec's fur exports surpassing levels reached in the French regime. For example, fur exports to France in 1736 were valued at approximately £38,000[53] and at the height of the French trading empire in 1754 and 1755, fur exports averaged £60,900[54]. In the post-conquest period between 1760 and 1764, fur exports never exceeded £45,000 and averaged an estimated £48,800 in the two years 1766 and 1767[55]. Exports in 1768 of £59,000 saw a slight rise based on heavy exports of beaver pelts. Thereafter, the healthy price received by beaver and a jump in deerskin exports saw fur export values rise to an average of £80,000 in the years between 1769 and 1771 and peak in 1772 at £91,579.

TABLE 2.6
FURS EXPORTED FROM QUEBEC TO GREAT BRITAIN, 1764-1772

	1764	1765	1766	1767	1768	1769	1770	1771	1772
BEAVER	90,691	104,000	110,372	107,276	115,842	93,335	103,527	95,232	108,554
MARTEN	32,325	40,300	44,240	39,800	52,672	63,305	51,875	52,552	48,651
OTTER	6,749	7,740	8,070	7,826	9,745	13,124	13,590	12,485	13,391
MINK	1,085	1,160	7,232	3,052	4,376	4,095	3,983	2,935	4,073
FISHERS	2,641	2,800	2,947	2,645	3,925	3,046	6,201	3,986	3,551
FOXES	7,228	4,735	3,958	3,890	4,196	5,067	4,835	6,180	3,412
BEARS	4,279	5,344	9,865	11,020	13,436	17,384	11,952	8,482	11,846
DEER IN HAIR	3,145	5,370	11,421	13,050	12,455	27,640	21,919	35,176	46,577
DEER DRESSED (lbs)	8,504	1,250	1,346	3,768	14,235	44,826	69,105	54,639	54,683
MUSKRATS	14,841	16,730	13,422	19,422	24,678	24,944	32,205	32,618	24,562
RACOON	30,371	20,345	16,847	22,426	34,846	90,119	29,233	34,248	47,631
OPEN CATTS	17,044	7,280	9,350	7,684	4,487	57,894	35,073	19,003	8,813
ELKS	500	760	1,591	1,147	965	4,513	6,545	4,248	6,529
WOLVES	82	314	293	376	476	1,116	843	1,317	2,485
LYNX	1,176	1,200	1,360	1,176	1,574	1,021	1,235	1,009	1,000
WOLVERINE	106	156	322	237	320	80	103	121	243
SEAL	149	360	632	1,600	1,092	300	6,198	395	354
CASTOREUM (lbs)	3,150	3,823	3,070	4,124	4,124	3,626	6,494	1,486.75	2,455
CARIBOO							53		

Sources: PAC, MG 19, GI, vol. 10, ff.65 Furs and Skins Exported in the Year 1764.
Ibid. ff. 66 Furs and Skins Exported in 1765 (-1773).
Customs Record 16/1.

TABLE 2.7

ESTIMATED VALUE OF FUR EXPORTS F.O.B. MONTREAL, 1768-1772
(IN POUNDS STERLING)

	1768	1769	1770	1771	1772	AVERAGE	PERCENTAGE OF TOTAL
BEAVER	28,214	30,331	40,120	36,225	47,409	36,460	46.43
MARTEN	8,192	10,413	8,351	7,481	7,186	8,325	10.60
OTTER	4,720	7,589	8,720	7,746	10,071	7,769	9.89
BEAR	6,839	6,809	3,189	2,225	3,680	4,548	5.79
DEER IN HAIR	1,990	4,458	3,854	7,240	9,038	5,316	6.77
DEER DRESSED	1,116	3,819	5,753	8,259	5,306	4,851	6.18
FISHER	740	753	1,210	618	550		
FOX	557	785	719	864	408	OTHERS	
RACOON	2,619	9,962	572	1,999	2,778	11,258	14.34
MINK	519	473	467	328	458		
ELK	801	2,737	3,083	1,486	1,775		
WOLF	436	380	198	230	674		
MUSKRAT	356	665	632	792	795		
OPEN CAT	257	3,083	1,777	1,099	615		
LYNX	751	416	178	706	155		
WOLVERINE	168	27	34	42	94		
SEAL	109	30	645	41	36		
CASTOREUM	744	691	1,277	346	551		
TOTAL EXPORTS TO GREAT BRITAIN	59,128	83,421	80,779	77,727	91,579	78,527	100.00
EXPORTS COASTWISE	785	3,598	1,491	1,476	163		
TOTAL EXPORTS	59,913	87,019	82,270	79,203	91,742	80,029	

Higher export values between 1768 and 1772 were realized not by a substantial increase in the volume of fur exports but by rising prices. For example, exports of beaver, marten and otter did not increase dramatically. In 1764, 129,000 of these pelts were exported to Britain. Exports of these pelts peaked in 1768 at 178,250 pieces and declined to 170,777 pieces in 1772. Conversely, in 1768 these furs were valued F.O.B. Montreal at £41,126 and at £64,666 in 1772. The only major change was in the volume of deerskin exports. Dressed deer exports averaged a mere 3,708 lbs. between 1764 and 1768, but exploded to an average of 47,500 lbs. between 1768 and 1772. Exports of 'raw' or untreated deerskins tripled in the same period from an average of 8,250 skins to 28,750 skins.

Revised estimates of the value of furs exported to Great Britain between 1768 and 1772 of £392,600 account for an additional £195,000 over Shepherd and Walton's estimates for the same period. The validity of these revised estimates can be seen in a comparison with those recorded in David McPherson's Annals of Commerce. McPherson's data is based on the 'official' value of castoreum, deerskins and furs imported into Great Briain in 1770 from North American ports of origin excluding Hudson's Bay. His estimate of £150,900 was comprised of 7,645 lbs. of castoreum valued at £1,679 some 799,652 lbs. of deerskins valued at £57,738 and furs worth £91,485.

McPherson's estimates on the value of furs exported from British North America, exclusive of deerskins, was verified in the following manner: quantity data for exports from the thirteen colonies in 1770 were taken from Customs Record 3,[56] and multiplied by the price data for the Southern region. The estimated value of furs exported from the thirteen colonies of £28,900 was added to furs exported from Quebec in 1770 of £65,400 for a British North American total of £97,414 or just £5,929 over McPherson's estimates. The higher estimate may be owing to a slight overvaluation of furs from the thirteen colonies, as they were generally of lesser quality than the furs from the southern region exported via Montreal. As the following table illustrates, when estimates for the value of castoreum, deerskins and furs are included, the difference between a modern estimate and McPherson's estimate is less than three percent:

TABLE 2.8
ESTIMATED VALUE OF THE BRITISH NORTH AMERICAN FUR TRADE, EXCLUDING HUDSON'S BAY, 1770 IN POUNDS STERLING

Furs - Quebec	69,431
Furs - Other Colonies	28,983
Deerskins - Quebec	6,343
Deerskins - Other Colonies	38,700 [a]
Castoreum - Quebec	1,277
Sub-Total	143,457
Elk - Quebec	3,728
Total	147,185

Source: Table 2.7 'Estimated Value of Furs Exported from Quebec to Great Britain, 1768-1772'.
McCusker, "The Rum Trade", p. 537 F.8.
a) McCusker based his estimates on 536,000 pounds of deerskins exported and multiplied by the average price given by McPherson, op. cit., vol. III, page 573 of 17d. per pound. There is a difference of 117,831 pounds of deerskins between McPherson's recording and Customs 16/1. It is probable that McPherson included elk in his report which would account for part of the difference.

Clearly, Lawson's estimates for Quebec's fur exports of £28,443 and his conclusions should be dismissed.

The average investment by Montreal traders over the five year period (1767-1771) of £32,238[57] yielded returns of £78,527. The investment, however, must be regarded in light of the expenses borne by the trader. A fifty percent advance on goods at first cost plus expenses was charged to the trader by the outfitter to cover the costs of bringing goods to Michimilimackinac or Grand Portage.[58] In addition, the return freight rate for furs from Michimilimackinac was thirty shillings Lawful per ninety pound pack. A rough estimate of the packs shipped from the west (6,700)[59] would produce a cost of £7,566 sterling. The return to the traders after transportation costs was twenty-five percent over their initial investment. From these profits must be subtracted interest on the advance of credit for trade goods and equipment costs, such as the canoe de maitre, which had to be replaced every three years at a cost of £15 Lawful. In addition, the hivernants with whom he traded inland had to be paid.[60] With the addition of these costs the traders' profit margin tumbled to twenty percent.[61] There was always the possibility that canoes with his goods or furs might overturn enroute and leave him seriously in debt, or in a disastrous year, such as 1768, the trader could sustain heavy losses. Many traders died in poverty and relative obscurity, while a few, such as Jean Orillat, who left an estate of 750,000 livres (£41,625) managed to turn their initial profits into fortunes.[62]

III

Invisible Profits in The Fur Trade

Canadian furs sent to London bore a myriad of charges - customs duty, insurance, freight, preparation of pelts and agents' commission. These charges were assumed by the buyer, if the market was strong, but in a poor market these fixed costs added to the vendor's difficulty in securing a profit. The consignment system was similar to that of the French regime with the notable exception of beaver which was bought at a fixed price, and any or all profits returned to whomever had purchased the monoply from the French crown.[63]

Customs duties on furs were relatively high. In 1770 taxes on all 'legally' imported Canadian furs would have amounted to roughly £8,735. In a later period, 1793 to 1801, customs duties averaged £20,000[64]. Customs duties were based on a system called poundage established in 1660 in the reign of Charles II which laid a tax of 12d. in the pound on the nominal value of furs as listed in the Book of Rates. Duties on furs and other goods were raised by parliamentary subsidies or impositions. Each time a parliamentary subsidy was granted to the King, a further 12d. in the pound was added to the customs duty. As newer commodities and manufacturers entered Britain in the eighteenth century an additional Book of Rates was drawn up in 1724 (II George II c.7) to levy taxes on goods previously assessed ad valorem.[65]

The tax structure bore no relation to the market value of skins. Otter, marten, and fishers each paid a tax of 15d. per skin. Prime marten and fishers brought 5.07 shillings and 3.75 shillings, respectively, in the Hudson's Bay auction of 1770, but otter commanded a price of sixteen shillings. Of considerable importance to Canadian exporters was the special tax advantage granted to beaver skins. A pressure group of British hatmakers, who argued that French competition was ruining business, successfully persuaded the Board of Trade and the Lords of the Treasury in 1732 to reduce the tax on beaver from 15d. to 6d. per skin. In 1764 Parliament further reduced the tax to a mere 1d. per skin, in part "to ensure certain and regular entries" at customs. The hatters had again been able to convince the Board of Trade that Portuguese and French competition was destroying the industry.[66] This latter statute meant that some £6,470 was saved by Canadian merchants in tax during 1770 on beaver exports alone, and in conjunction with high prices made beaver the most profitable of all exports.

Before the furs reached market they were unpacked and re-sorted according to quality. Furs were not sold in 'proportion' but in specific lots. Beaver was sold in several qualities: 'coat' or greasy beaver — beaver which had been worn or used as blankets by Indians; 'parchment' or dry beaver; 'seasoned' or prime beaver — skins which were caught in midwinter when the fur was thickest; 'stage' or 'spring' — beaver caught with its lighter summer coat; 'cub beaver'; 'damaged and staged' beaver; and 'damaged and staged' cub beaver. Each lot brought a

different price, depending upon quality and demand.[67] Marten and otter were similarily purchased with the distinctions of 'seasoned', 'damaged', 'staged' or 'ordinary', and 'in coats'.[68] At the public auctions lots comprising martens, fishers, and raccoons could be bought for one price.[69]

Furs sent by Canadian merchants were sold at public auction. The Hudson's Bay Company held exclusive auctions for their furs. Such auctions were held at different times during the winter.[70] Individual auctions could bring significant differences in the selling price for furs. In a letter to Benjamin Price in 1771, Ermatinger reported that he was happy the "few Pelletries" he had sent were sold on the "7th February" as he "apprehends there is a very great difference in the two sales".[71] The Company also held separate auctions, one at Christmas (mid-December to mid-January), and the other in early spring (March to April). Prices could vary sharply between auctions. In the Company's Christmas auction of 1768 prime parchment brought an average price of 8.23 shillings per pound. In the spring sale the price jumped to an average of 10.8 shillings per pound.[72]

Documentation of the charges, other than tax, levied to fur exporters, is slight. The invoice book of John and Robert Stenhouse, merchants of Montreal, gives two examples of the marketing and preparatory costs borne by the exporter. An entry in their invoice book, "To Furs sold by Public Sale, London, December 11th 1766", outlines the following charges:

CHART 2.0

CHARGES ON A FUR SALE, LONDON 1766

Total Sales	910.9.11	
Public Sale Discount 2.5%	22.15.3	
Sale Value of Furs		887.14.8
My Commissions 2.5%	22.3.10	
Brokerage 1.0%	8.17.6	
Duty and Bill Money	117.12	
To Freight, Primage & Pierage	16.8.6	
To Insurance on £700 @ 3.5% Policy 5/6 Commission .5%	28.5.4	
To Landing, Loading, Housing, Delivering, Sorting, Beating, Trimming, Lotting, Sale charge, and Warehouse Rent	14.5.4	208.2.8
NET PROCEEDS		£679.12

Source: PAC, EE, Series 3, vol. 83, The Invoice Book of John and Robert Stenhouse, 1764-1770, pp. 73-4.

The charges, other than tax and public sale discount, arising from the sale amount to 10.1 percent of the sale value of the furs. They can be broken down into the following categories: commission - 2.5%; brokerage - 1%; freight, primage and peirage - 1.9%; preparation - 1.7%; insurance and insurance commissions - 3%. The discount of 2.5% given on total sales was common to public fur auctions.[73]

The Hudson's Bay Company gave a larger discount of five percent to its customers.

Profits on fur exports should be able to be determined by employing the prices paid for prime Hudson's Bay Furs in Table 2.0 and the formula used to determine the F.O.B. value of furs exported from Quebec, minus tax, discount for public sale and expenses. The price data in the Hudson's Bay index presented some theoretical problems. Beaver taken by Canadian traders from the same region to which the Bay traded should have brought a similar price, and beaver taken from the Western and Southern regions should have brought twenty and twenty-seven percent less, respectively. Yet, the beaver sold on behalf of the Canadian merchants, John and Robert Stenhouse and Etienne Augé, in separate sales in 1766 and 1767 brought a price of thirty percent less than that sold by the Company. Their marten sold for forty percent less, but otter sold at a premium of twenty-five percent more than the Company's in both years.[74] The Company's definition of elk must have been cariboo, as Canadian elk sold for 27/1 in 1766, while the Company's sold for only 4.53 shillings. In 1768 the firm of Guinaud and Hankey was able to sell François Baby's castoreum for 8 shillings per pound, while the Company's sold for 8.36 shillings per pound or a difference of only four percent.[75] Another problematic area is that of 'coat beaver'. The Company's coat beaver sold at a slightly higher level in 1768 than parchment beaver, but declined thereafter by 15 percent and 35 percent below the price of parchment beaver in 1769 and 1771, respectively. In Montreal, Forrest Oakes, who brought only small amounts of coat

beaver back from the West, consistently sold his coat beaver for the same price or a few sous more than parchment beaver.[76] Little coat beaver appears to have made its way to Montreal. Less than five percent of Oakes' total catch in beaver was coat beaver, while no coat beaver appears in the accounts of the French merchants, CAR and Jean Bernard. The low prices paid for coat beaver at the Company's auctions may have been a direct result of their policy of dumping stockpiled coat beaver. From the Christmas auction of 1769 to the end of the Christmas sale of 1771 the Company sold 31,741 pounds of coat beaver and 21,919 pounds of parchment beaver, thus, fully fifty-nine percent of the Company's sales in seasoned prime beaver skins was comprised of coat beaver.[77]

In order to estimate profits on the sale of Canadian furs, it was assumed that furs sold by the Stenhouses and Etienne Augé were taken from the southern and western regions. It was further assumed that the sale of the furs in 1766 and 1767 reflected a normal differential in price between western and north-western furs, although it can easily be argued that because the market was in a severe depression the price differential those years may have been exagerated.

Accordingly, beaver pelts from the western regions were presumed to have sold at discounts thirty percent below that of the Company's prime parchment pelts and beaver taken from the Lower Great Lakes - Upper St. Lawrence region sold at a discount of thirty-seven percent. Beaver from the north of Superior and

north-west regions were arbitrarily reduced by five percent below the Company's selling price, in spite of the evidence that the Hudson's Bay Company was concerned that the 'peddlars' furs were drawing better prices. This was done to compensate for the small amounts of coat beaver sent by Canadian merchants, although it may have been of better quality.[78]

The exceedingly high prices paid for beaver in the Company's auctions of 1770 and the slight retreat of the wholesale price of beaver in Montreal (five percent) the following year posed a final problem. With the exception of 1770, there was a symbiosis in the wholesale price of beaver in London and Montreal. As the London wholesale price of beaver rose each year from the low levels of 1766-1767, the wholesale price in Montreal jumped accordingly. The break in the pattern in 1770 may have been the result of the failure of many of the "nor'westers" to penetrate to the interior in 1769 which would put the price of prime northern furs at a premium. Accordingly, it was assumed that the average price paid for beaver was five percent below the level of the previous year's sales, as happened in Montreal in the fall of 1771, and not the temporarily inflated price received by the Company in 1770.

The other skins that were analysed for their profit or loss were marten, otter and deerskins. It was assumed that deerskins from all regions were equal in value, northern marten fetched the same prices as did the Company's, while

southern and western marten were reduced by forty percent to bring them into line with the price received by Etienne Augé and the Stenhouses. Canadian northern otter were assumed to have fetched a 25% premium over the Company's otter, while those from the southern and western region earned a 15% premium.

The methods employed to calculate profits is admittedly crude and should serve merely as a guideline to the level of invisible profit returning to Quebec. Beaver and otter consistently returned high profits, marten incurred substantial losses and deerskins, except for 1771 and the disastrous year of 1772, returned only moderate profits.

TABLE 2.9

ESTIMATED PROFITS FROM BEAVER, MARTEN, OTTER AND DEERSKINS, 1768-1772 IN POUNDS STERLING

YEAR	BEAVER	MARTEN	OTTER	DEER
1768	23,436	2,768	1,085	909
1769	18,617	240	2,039	1,512
1770	11,463	(4,337)	1,207	1,704
1771	21,287	(2,214)	5,040	(451)
1772	14,255	539	1,870	(2698)
TOTALS	89,048	(3,004)	11,241	976

Profits on beaver averaged an overwhelming forty-eight percent, and otter returned some twenty-nine percent. Marten, on the other hand, showed losses of approximately seven percent. Beaver profits, according to Table 2.9, may

be exaggerated in 1768. The Hudson's Bay Company dealt only in prime northern furs and the Company's price trends may have been a bell-wether of the future market. Canadian beaver may well have risen more slowly which would cut into the estimated profits. However, beaver profits in 1771 and 1772 may have been higher. The Company's wholesale price index showed a slight decline of five percent in 1772, while the corresponding Montreal index remained steady. In like manner, the losses on marten may also be exaggerated as the decline in the wholesale price in Montreal was far more gradual than the precipitous drop experienced in the Company's sales.

The sizable gains in beaver and otter exports were offset by losses on furs other than marten. In the London fur sales of 1770 bears, bear cubs, cats, and fishers fared poorly.[79]. Major losses were no doubt suffered in the unprecedented exports of racoon in 1769 and elk in 1770. The wholesale price of racoon in the fall of 1769 was just over two shillings and in 1770 dropped to seven and a half pence. Exports of elk valued at £2,962 in 1770 were cut in half in 1771 although they recovered in 1772 and would have shown good profits in 1768-1769. Lynx, castoreum, fox, and muskrats probably returned fair profits. Overall, these furs represented only twenty percent of the value of fur exports and probably returned no more than a five percent profit. If dressed deerskins realized profits similar to the 4% on raw deerskins the invisible profits returning to Quebec on all fur exports would have been on the order of twenty-six percent, or £102,000.

A minimum indication of the profits returning to Quebec can be gleaned from the rise and fall of the Montreal wholesale price index. If it can be assumed that exporters would not bid up prices beyond an assured ten percent profit margin, (to cover themselves in the event of a declining London market) the rises in the index can be viewed as profit above the ten percent margin of safety. In this instance, profits on beaver and otter are reduced substantially but marten shows a small profit. Overall minimum estimates of profits are on the order of 14.1 percent or £56,700 and the median between the two estimates is 20.2 percent. Accordingly, a conservative estimate of the invisible profits of twenty percent or £78,500 will be used, although a higher estimate could easily be defended. For example, in 1764, when the market was healthy, the Stenhouses sent a bale of furs to Thomas Harris valued at N.Y. £278.4 (£150.10 sterling). The return after deductions for tax and expenses was £190.4.9 for a profit of twenty-one percent. The bale, incidentally, contained only twenty-five pounds of beaver and profits were earned on other furs.[80]

The spectacular recovery of the beaver market in London was a result of the easing of the depression and the inevitable reopening, after the Seven Years War, of the European market for furs. In 1769, Antoine Vilars wrote to Etienne Auge that the price per pound of beaver at the Company's auction had risen to eleven shillings, "à cause d'overture recent de commerce de la Russie".[81] Three years later, Benjamin Compte, a business connection of Francois Baby, wrote

that beaver was fetching an exorbitant price as a large Paris firm had sent orders to four London houses to buy large quantities and they were competing with one another to supply Paris.[82] The importance of the Russian and European market cannot be underestimated. The French had probably exhausted their supply of furs warehoused before 1760. Russia had traditionally been an important market throughout the eighteenth century to both England and France.[83] In 1784, fully 62.5 percent of the beaver imported to England was consumed in the manufacture of hats, but one-quarter was exported to Russia and one-eighth to France and Holland.[84] Otter, too, was a valuable re-export. In 1770 almost as many skins imported were re-exported that same year, 21,964 and 21,929 respectively.[85] The booming market for beaver and otter was not a passing phenomenon. Foreign markets must have increased their demands as prices continued to climb in Montreal after 1772. By 1775 Ermatinger was shipping beaver valued at ten shillings sterling per pound in Montreal and otter at twenty shillings per skin.[86]

On the other side of the Atlantic, the rebounding market for furs in London had pronounced effects. The New York firm of Phyn and Ellice, who normally sold their furs on colonial markets, were left with a large volume of unsold furs in 1768 when their associate in New York, Hyman Levy, refused to buy any more furs. In 1768 they consigned their furs with "extreme reluctance" to London. The following year they instructed their Detroit factor, John Porteaus, to buy furs from traders at Detroit and Michimilimackinac. In order to purchase as

many furs as possible, Porteaus in association with James Stirling issued their own bank notes in the amount of £700 redeemable in goods at Stirling's store in Detroit.[87]

The high cost of furs in Montreal in 1771 prompted Etienne Augé to sell his furs on the local market for fear that, "elles se Vendant plus chères ici qu'a Londres".[88] Ermatinger, whose bankruptcy in 1767 left him in debt for over £2,400[89] was too timid to risk the lion's share of his capital in furs until after 1772. Instead, he bought wheat on consignment for a relatively safe profit of 5 to 7.5 percent. Merchants, in their correspondence, rarely discussed profits but, rather, droned on about losses and the high price of goods. In one exceptional admission, Ermatinger wrote Oakes that he regretted not buying furs in 1771, as prices in London were high and he might have "gained clear profit a thousand guineas".[90]

The economic effects of a healthy fur market combined with the explosion in grain exports touched off a dramatic rise in the cost of labour.[91] In the short time span of eight years, 1767-1774, the salaries of engagés, guides and hivernants increased by 22.5, 38.5, and 29 percent respectively. Traders faced with the increasing costs, and knowledgeable of the profits accrued by the exporters, demanded to sell their furs sans recette. In short, they refused to sell in proportion, and asked for one price for all furs, regardless of quality. Other

recourses taken by the traders were to threaten to sell only part of their furs in the fall and the remainder in the spring; to sell their beaver measured in livres, as if they were measured in a higher number of English pounds; or, if they did not receive their price, to send the furs to London on their own account. Canadian merchants rushed to buy furs in 1771 and 1772, purchasing them as soon as the canoes arrived. In the rush to buy furs, merchants could be fooled. One merchant was convinced the furs he bought from Joseph Sanguinet were du nords, but Sanguinet had bought them from Sieur Papin, who procured his furs from the Illinois county. Two years later, in response to the traders increased demands, it was rumoured that a consortium of buyers had placed no less than £12,000 gold Louis (£12,000) with Richard Dobie in an attempt to dampen prices.[92] It was clear that, although the traders, outfitters and merchants had to work together, there was no love lost between them at the fall fur fairs.

The fur trade was the central economic focus of Quebec until the end of the eighteenth century. In the post-conquest period Quebec successfully staved off the challenge to her supremacy of Albany and Hudson's Bay largely through the efforts of French-canadian merchants and traders. Depressed fur markets from 1766-1767 posed a more serious threat to Quebec's economic base than her competitors. The timely recovery of the market in 1768 and the heightening demand for beaver, otter and deerskins lifted the F.O.B. value of exports, ensured reasonable profits for the traders and raised the level of invisible mercantile profit returning to Quebec.

In terms of the North American economy the fur trade was far from inconsequential. As the following table clearly shows, Shepherd and Walton's estimates of the five major commodities exported by North America from 1768 to 1772 should have included furs rather than indigo.

TABLE 2.10

ANNUAL AVERAGE VALUE OF THE SIX MOST IMPORTANT COMMODITIES EXPORTED FROM BRITISH NORTH AMERICA, 1768-1772
(in pounds sterling)

TOBACCO	£ 766,000
BREAD AND FLOUR	610,000
RICE	412,000
FISH	287,000
FURS	147,000 [a]
INDIGO	117,000

SOURCE: James F. Shepherd and Gary M. Walton, Shipping, op.cit., p. 135.
a) Estimate based on Table 2.11, p. 17, for 1770.

Shepherd and Walton's computations of Quebec's fur exports to Great Britain including mercantile profits produced a gross credit to the balance on current account of £212,307. Revised estimates would see that credit rise to £471,116, for a difference of £258,855 to the credit side of the ledger. These extra credits all but erase their estimates of total British North American deficit of approximately £300,000 in the balance on current account.

Not included in the estimates are furs from Hudson's Bay or the Spanish territories. General Gage estimated that £80,000 of furs were lost

annually to the empire via the Illinois County to France.[92] The Pennsylvania firm of Bayton, Wharton and Morgan estimated about £100,000 were lost yearly to the French and Spanish. Both estimates are, of course, wildly exaggerated. Gage's estimate came from George Croghan, commandant of Detroit, who was also an entrepreneur engaged in the trade to the Illinois.[93] Bayton, Wharton and Morgan also traded to the Illinois and Ohio County via Pennsylvania. Both had a vested interest in convincing the home government that greater military control of the Illinois county was necessary to prevent further encroachment by Spanish and French traders out of New Orleans and St. Louis. Spanish records indicate that 1,200 packs came down to New Orleans from St. Louis and St. Geneviève in 1772 and 2,467 packs came the following year.[94] The higher number of packs in 1773 was owing to the abandonment of the Ohio posts in 1772 by the military in order to reduce expenditures. It was common knowledge among the Montreal traders that the many packs of furs normally bound for Michimilimackinac in 1772 found their way to New Orleans.[95] If only 1,200 packs of furs found their way to Louisiana each year, a conservative estimate would place their value at £14,500. A proper estimate of the true value of furs exported from Hudson's Bay remains to be made from an examination of Customs Record 3, but a low estimate would at least double their official value of £9,213[97] to £20,000. A revised account of the magnitude of the North American fur trade would show exports of a minimum of £180,000 per annum. The fur trade did not approach the importance of tobacco, wheat, rice or fish, but was a significant export commodity in the British North

American context. Lawson's conclusion that "the fur trade was of no real importance to the English or American economy" was, to be blunt, absurd.

NOTES TO CHAPTER II

1. Dale B. Miquelon's master's thesis, "The Baby Family in the Trade of Canada 1750-1820" (Carleton University, 1966) provides an analysis of investment in the fur trade from 1769 to 1790 based on trading licenses.
Fernand Ouellet's study, "Dualité économique et changement technologique au Quebec (1760-1790), Histoire Sociale/Social History, LX (nov., 1976): 256-292 examines the relationship between rising agricultural prices and labour costs in the countryside and the fur trade.
A. J. Ray and Donald B. Freeman, Give us Good Measure: an economic analysis of relations between the Indians and the Hudson's Bay Company before 1763. (Toronto: University of Toronto Press, 1978). Ray and Freeman provide ample data on the volume of furs traded at the Bay's posts and on profit levels according to the Bay's unique system.

2. Britain's attempts to control the fur trade from 1763-1768 have been well documented. See, for example, Marjorie G. Reid, "The Quebec Fur Traders and Western Policy, 1763-1774", Canadian Historical Review, (C.H.R.) (v.I, 1925): 15-32; John Shy, Towards Lexington: The Role of the British Army in the Coming of the American Revolution. (Princeton: Princeton University Press, 1965), pp. 192-196, 223-22, 260-266.
H. A. Innis, The Fur Trade in Canada. (Toronto: University of Toronto Press, 1956), pp. 170-176.

3. A. J. Ray and D. Freeman, Give us Good Measure, pp. 194, 34.

4. E. E. Rich, The Hudson's Bay Company, 1670-1870. Three Vols., (Toronto: McClelland and Stewart Ltd., 1960), Vol. II, pp. 91, 18, 24.

5. A. J. Ray and D. Freeman, Give us Good Measure, Figure 40, "York Factory: Total Value of Furs Traded", p. 180.

6. E. E. Rich, The Fur Trade and the North-West to 1857, (Toronto: McClelland and Stewart, 1967), p. 142

7. Ray and Freeman, Give us Good Measure, p. 195.

8. Rich, The Fur Trade, p. 142.

9. Rich, The Hudson's Bay Company, vol. II, p. 30.

10. Norton, The Fur Trade of Colonial New York, p. 202.

11. Ouellet, "Dualité économique", p. 263, taken from the appendices of W.S. Dunn, "Western Commerce 1760-1764".

12. Miquelon, "The Baby Family", p. 62. Ouellet, "Dualité économique", p. 263.

13. Charles R. Canedy, "An Entrepreneurial History of the New York Frontier, 1739-1776" (Ph.D. dissertation, Case Western Reserve University, 1967), pp. 226-27, 247, 339, 360. Norton, The Fur Trade in Colonial New York, pp. 202, 205, 208, 216. Innis, The Fur Trade, p. 175.

14. Creighton, The Commercial Empire", p. 33.

15. Miquelon, "The Baby Family", Appendix A, pp. 183-88.

16. Ouellet, "Dualité économique", p. 263.

17. Ouellet, "Dualité économique", p. 283.

18. PAC, EE, Series 3, vol. 83, The Invoice Book of John and Robert Stenhouse, 1764-1771, pp. 14, 39. Furs valued at £150.10 F.O.B. returned a balance of £190.4.9 after the deduction of all charges.

19. Lawson, Fur, pp. 25-26, 4 Geo. III, c. 9 (1764).

20. Hudson's Bay London auction price data for 1764 to 1767 can be found in PAC, MG 20A, HBC, Headquarters Records, Fur Sale Books, (PAC reels HBC-474-5).

21. PAC, EE, Series 3, vol. 82, Lawrence Ermatinger Rough Account Book, 1764-1771, pp. 79-80. PAC, MG 40, (PAC reel B-3745). Bankrupt status was officially given in 1770.

22. PAC, EE, Series I, vol. I, "An Abstract of Debts Due to the Estate of Tyro and Ermatinger", p. 82.

23. Ibid. Series 3, vol. 83, p. 93.

24. Canedy, "An Entrepreneurial History", pp. 215-216.

25. PAC, EE, Series I, vol. 3, Account Book of Forrest Oakes, 1765-1780, p. 53.

26. PAC, Record Group 4, (hereafter RG 4), B28, Bonds, Licences and Certificates, 1763-1867, Trade Licences.

27. The licences have been dismissed as an incomplete source, see Rich, The Fur Trade, pp. 134-135, but have recently (1979-1981) been restored and reordered by Public Archives Canada. Previously they were ordered by date, rather than number of issue. The new organization of licences allows us to see that only a few are missing for 1769, 1770 and 1772:
1769 Licences #1-79, Nos. 17, 46, 77 missing;
1770 Licences #1-96, Nos. 15, 28, 41, 55, 81-83 missing;
1772 Licences #1-69, Nos. 2, 12, 39-41, 46, 49-50, 52, 54, 64, 66-69 missing.

28. Innis, The Fur Trade, pp. 413-414 taken from PAC, Hardwicke Papers, 35915, Pt. II, 219-22.

29 Ouellet, "Dualité économique", p. 263 see also f.n. 12.

30. Miquelon, "The Baby Family", pp. 56, 62, 65.

31. Rich, The Hudson's Bay Company, Vol. II, p. 8. Oakes, James Stanley and William Grant formed the N.W. Societe in 1761 and outfitted a M. de la Fleur for Michimilimackinac. PAC, EE, series 1, vol. 1, p. 53. See "Debit F. Oakes for his proportion to ¼ the Adventure to the North-west in the year 1766", "Adventure to North-West, 1767, p.3, "Adventure to Nipigon, 1768", p. 8

32. PAC, MG 24, L3, Microfilm of the Baby Collection, (hereafter BC), Livre de comptes, anonyme, 1767-1770, (PAC reel M-1394). For 1767 see pp. 1-7, 31 July to 19 September passim; for 1768 see pp. 71-84, 11 August to 28 August passim. The anonymous account book belongs to the merchant Jean Bernard.

33. Ibid. Livre de comptes, anonyme, 1769-1771. See Livre II, pp. 67-76. The account book may belong to the fur trader and merchant, Charles Auguste Réaume, whose family commanded the capital to finance the young merchant. An invoice to John and Robert Stenhouse summarizes the purchases. See LIVRE II, pp. 73-75, 75-76 for entries on 15^{e} 7bre and 18^{e} 7bre. "Pour Dix-Sept balles de pelletries qu'il envoyent a Londre à leur Commissionaires. Pour compte et risque de la marque CAR."

34. The four Chaboillé brothers - Louis, Auguste, Charles and Pierre - were active in the fur trade in 1767, the name Chabouillet appears twice for canoes licensed to the south shore of Lake Superior and twice for canoes licensed for posts accessed via Lake Michigan. See C.E. Lart, "Fur Trade Returns", pp. 352, 355. Louis was licensed for Michimilimackinac in 1769 and Charles was licensed for Michimilimackinac and the Illinois. In 1770 both Charles and Auguste were again licensed for Michimilimackinac and in 1772 August, Louis and Pierre Chabollie were licensed for Michimilimackinac, while Charles was licensed for Lake Superior. See PAC, RG, 24, B28, vols. 110-114.

35. Pierre Foretier did not have a recorded license in 1767 but it is likely he traded to the Illinois. In 1774 he was a partner of Jean Orillat whose trade centered on the Illinois, see PAC, RG 4, B28, vols. 110-111. Orillat had previously been a partner with Gabrielle Cerré who traded to the Illinois from 1767 to 1771 when the partnership ceased. Ibid. vol. 110; C. E. Lart, "Fur Trade Returns". Canadian Historical Review, (1922): 351-358.

36. PAC, RG 24, B28, Vols. 112-113.

37 Laurent Ducharme was licensed for Michimilimackinac in 1769, 1770 and 1772. He traded to Green Bay and Milwaukee between 1767 and 1771. 32 notorial contracts listed his voyageurs' destination as Michimilimackinac. In 1769, 5 contracts listed Mil8aqui (Milwaukee) as the voyageurs destination and in 1772 8 contracts were taken out for ' postes de la Baye ' and 2 were for Mil8aqui. see P.G. Roy ed. Rappaport de l'Archiviste de Québec, 1932 - 33, pp. 287-301. Jean Baptiste Cazeau sent three canoes to the Mississippi area in 1767, was licensed for Michimilimackinac in 1769 and in 1770 sent Pierre La Vigne with five men and one canoe to the Illinois county. Lart, "Fur Trade Returns" pp. 351-358. PAC, RG 4, B28, vols 112-113.

38. An excellent account of the Baby family is given in Miquelon's M.A. thesis, "The Baby Family and the Trade of Canada, 1750-1820".

39. For example, mink varied by 25 percent in 1768 and fox by 13 percent. In 1770 bear was fifty percent lower in the CAR. index than in the Ermatinger-Oakes index. However, this large discrepancy was not apparent in 1769 when bear was still commanding a good price. CAR's only entry for 1769 is for the purchase of bear skins from P. Boileau (a Detroit trader) for 7.5 shillings, 17 percent below Oakes' selling price. See PAC, MG 24, L3, Livre de compte, anonyme, 1769-1771, Livre I, p. 135, 20 Mars 1769.

40. PAC, EE, Ser. I, vol. I Ermatinger to Oakes, (Michimilimackinac) 5 Sept. 1770.

41. The furs in Table 2.4 belong to Maurice Blondeau, who traded to the Northwest. The furs of Issac Todd arrived the day previously from the same region. PAC, MG 24, Transcripts from the Baby Collection, Correspondence, 1649-1907, vol. 6, Pierre Guy à François Baby, 5 Oct. 1771.

42. PAC, EE, Series I, vol. I, Ermatinger to Randle Meredith (Quebec), 7 Sept. 1772.

43. Regional investment for the prior year reflects the fact that trade goods taken to the West each spring would not return to Montreal in the form of pelts until the fall of the following year.

44. Innis, The Fur Trade, Appendix E. pp. 413-414. Of the 36 canoes that headed north from Michimilimackinac to Lake Superior and the North-West 10 or 27% traded to the south shore of Lake Superior.

45. Rich, The Hudson's Bay Company, Vol. II, pp. 26-27. Investment to the Superior-North West region was thus cut in half and the remaining percentage was redistributed to the other regions.

46. For the purpose of calculating the F./O.B. values of fur exports the percentages of the investment to the Nothern, Western and Southern regions found in Table 2.1 "Regional Investment in the Fur Trade" will be amended thusly:

Region	1767	1768	1769	1770	1771
Northern	17.64	19.53	11.40	24.15	25.55
Western	60.56	55.87	51.70	52.85	56.55
Southern	21.80	24.60	36.90	23.00	17.90

47. A prime example is found in the accounts of CAR, who purchased furs in proportion and when he exported the furs through the Stenhouses the invoice only reflected the good furs, see f.n. 33, chapter 2. See also PAC, EE, Series 3, vol. 86 Rough Account Book, 1767 to 1776, pp. 55-56 and Series I, vol. I, "Invoice of Sundry Peltries Shipped on Board the Elizabeth, Ermatinger to Mr. Benjamin Price", 30 Oct. 1770.

48. Quoted from Dale B. Miquelon, Dugard of Rouen: French Trade to Canada and the West Indies, 1729-1770. (Montreal and London: McGill-Queen's University Press, 1978), p. 79.

49. A. J. Ray and D. Freeman, Give us Good Measure, p. 126.

50. PAC,, EE, Series 3, vol. 86, 16 Sept. 1771.

51. A French livre weighs 489.5 grams. An English pound weighs 453.6 grams.

52. Innis, The Fur Trade, p. 2. Innis states that David Thompson gave the weight of the adult male as 1½ to 1 2/3 pounds. See J. B. Tyrell, ed., "David Thompson and the Rocky Mountains", Ontario Historical Society Papers and Records, XV, pp. 198-199. Baron Lahontan gave a weight of 2 pounds for the adult male. Ruben Thwaites, ed., New Voyages to North America, (Chicago: 1905), 2 vols., Vol. I, p. 173. Innis in The Fur Trade of Canada, (Toronto: 1927), p. 2 quotes Horace T. Martin, Castorologica or The History and

Traditions of the Canadian Beaver, (Montreal: 1892), p. 111, that the average beaver pelt weighed 1¼ pounds. Accordingly, the average weight was used in the calculations, although beaver marketed by John and Robert Stenhouse in 1767 weighed as follows: seasoned beaver, 1.64 pounds; spring beaver, 1.8 pounds; and cub beaver, 1.35 pounds. The average weight of the three types was 1.67 pounds. Seasoned beaver accounted for 59 percent of the total, cub for 23 percent, and spring beaver for 18 percent of the total. See PAC, EE, Series 3, vol. 83, p. 73.

53. Guy Frégault, Le XVIII^{e} Siècle Canadien: Études (Montreal: Editions H.M.H., Ltee, 1968), p. 291. Frégault gives exports of Furs at 872,067 livres or Ł37,982.

54. Innis, The Fur Trade, 'Appendix A', Exports of Furs in the French Period, pp. 153-54.

55. Ouellet, Histoire économique, p. 55. Estimates for 1766-67 based on my price data and export data.

56. Lawson, Fur. Appendix A. The quantity data in this appendix was culled from Customs Record 3.

57. Investment calculated from Table 2.5. However, based on the missing licenses and the average investment per license for 1769, 1770 and 1772 upwards of Ł2,081 sterling could be missing from this estimate.

58. PAC, EE, Series 1, vol. 3, Ermatinger to Oakes, (Grand Portage), 11 May 1772. Innis, The Fur Trade, p. 218. Ibid., Series I, vol. 1, p. 16.

59. Innis, The Fur Trade, p. 266, footnote 14. An estimate of the number of packs returning from the West in 1768 is given as 8,700 including 3,000 from Detroit. Assuming that in the period before 1776 one-third of the Detroit trade was controlled by Montreal, roughly 6,700 packs had to be shipped from the West each year.

60. A hivernant commanded a salary of Ł350 livres in 1767, Ł493 livres in 1773 or Ł13 - 18.3 sterling. Ouellet, "Dualité économique", p. 268.

61. Credit on Ł34,319 worth of goods at 5% per annum produces a cost of Ł1,715. If an average of two hivernants were required per license for the approximately 80 licenses granted per year (1769, 1770, 1772) the cost to the traders at Ł15.75 per annum was Ł2,520. Gross expenses then totalled an average of Ł63,279 and the average return was Ł15,248.

62. Jose Iguartua, Dictionary of Canadian Biography, Vol. IV, (Toronto and Laval: University of Toronto Press and Les presses de l'université de Laval, 1979), p. 592.

63. Miquelon, Dugard, p.80.

64. The 1770 figure is based on my estimates. The figure for 1793-1801 comes from Innis, The Fur Trade, p. 178.

65. 12 Charles II c.4. The Books of Rates has been reprinted in Hubert Hall, A History of the Customs Revenue in England. (New York: Burt Franklin, 1938), Vol. II, pp. 249-273, for furs see pp. 258-259.
The subsidies and impositions which raised the duties on furs and skins were: the Imposition of 1692, (4 Wm. + M.c. 5); the New Subsidy of 1698, (9 + 10 Wm. III c. 23); the 1/3 Subsidy of 1703, (2 + 3 Anne c. 9); the 2/3 Subsidy of 1704, (3 + 4 Anne c. 5); and the Fourth Subsidy of 1748, (21 George II c. 10).
Two further impositions were levied on specific goods - The Additional Imposition of 1690, (2 Wm. + Mary c. 4) and the Subsidy of 1759, (32 George II c. 10) - but neither included furs.
Ad valorem was calculated on 5 percent of the market value of goods as sworn to by the British merchant or broker receiving the goods from an overseas supplier. Fishers, elks, moose, musquash (muskrats), racoons, panthers and tygers were included in the new Book of Rates. The values given the furs were applied, as if they had appeared in the original Book of Rates, and were subject to all subsequent rises in poundage.

66. Lawson, Fur, pp. 18-20, 25. 4 Geo. II, c. 22 + 4 Geo. III, c.9

67. PAC, EE, Series 3, vol. 83, pp. 73-74, 93. For example, seasoned beaver sold at 4/6, stage at 3/6, cub at 4/. Parchment beaver was the skin of a beaver stretched and dried immediately after it was caught and coat or 'greasy' beaver was that worn by the Indian, which had had the guard hairs of fur worn off and the skin worn into a supple leather. See A. J. Ray and D. Freeman, Give us Good Measure, p. 31; Innis, The Fur Trade, pp. 64-66.

68. The appellation otter 'in coats' seems to be unique to the Hudson's Bay Company and denoted lower price skins. PAC, MG 20 A, Fur Sale Books, passim.

69. PAC, EE, Series 3, vol. 83, p. 74.

70. PAC, BC, Correspondence, vol. VI, R. Hankey à François Baby, 4 December, 1771. Hankey mentions two different auctions, one in January and the other in February, and informs Baby that he would sell his furs at both auctions,

71. PAC, EE, Series I, vol. 1, Ermatinger to Benjamin Price, (London), 26 May 1771.

72. PAC, MG 20A, Fur Sale Book, 1768-69.

73. Insurance rates on the Montreal-London route climbed down after 1766, from 3.5 percent to 3 percent. See PAC, MG 23, G111, No. 29 microfilm of the Antiquarian and Numanistic Society of Montreal, (hereafter ANSM), Pierre Guy, Père et Fils Livre No. 10, Deuxième Partie nos. 143-44, (PAC reel M-851). Etienne Augé, Journal No. D, 1769-1771, no. 77 (PAC reel M-869). See also Etienne Augé, Livre de Lettre Repondû, 1769-1772 Antoine Villars à Etienne Augé, 1 Mai, 1770. In Augé's sale of beaver in 1766, 2.5 percent for discount at public auction and a 3 percent charge for the insurance on the sale value of his furs was levied. See PAC, MG 23, GIII, No. 29, Accounts and Other Documents of Etienne Augé, No. 46, Vente de Pelletries par Isidore Lynch, (PAC reel M-859).

74. Ibid., Augé's beaver sold at 4.8 shillings per pound in 1766 and the Bay's for 6.93. PAC, EE, Series 3, vol. 83, pp. 73, 93. Beaver sold by the Stenhouses brought 4/6 in December of 1766, and 4/5 in January of 1768, as opposed to 6.93/ and 6.46/ respectively for the Bay. Otter sold for 15/5 and 16/ in 1766, and in January 1768 respectively as opposed to 12.06 and 11.85 shillings at the Bay's sales. PAC, MG 20A, Fur Sale Books, 1766-1768.

75. PAC, BC, Correspondence vol. 5, Messrs. Guinaud and Hankey à Francois Baby, 4 Feb. 1769.

76. PAC, EE, Series I, vol. 3, Montreal, 25 Nov. 1768; Montreal, 25 Sept. 1770; Montreal, 1 July, 1771; Montreal, 18 July 1772.

77. The traditional garb of the Indians living to the northwest of Superior was beaver as opposed to deerskins worn by southern Indians. Indians trading to Hudson's Bay could not be readily convinced to accept a lower standard of trade for coat beaver that had previously been more highly valued than parchment beaver viz. the Bay's fur auctions of 1768. In an earlier period the Bay had stockpiled 80,000 coat beaver in their warehouses (1699) when parchment was getting higher prices than coat. A.J. Ray and D. Freeman, "Give us Good Measure", pp. 161-62. Coat and parchment beaver tended to fluctuate at different periods. Innis, The Fur Trade, states that coat and parchment brought the same price at Paris in 1751, 7 livres, 10 sous. Three years later in 1754, 11.4% of the beaver exported to France was castorgras or coat beaver. Innis, The Fur Trade of Canada, Appendix 'A', p. 153.

78. It must be remembered that the traders from Montreal wintered with the Cree and Assiniboine, the source of the bulk of coat beaver, and would have had first pick of the robes and the remainder sent to the traders who waited at the Bay.

79. The average otter sold in Montreal for 12.92 shillings sterling in 1770. Otter sold by the Bay after deduction of tax and expenses averaged 12.36 shillings in 1769. Lynx also experienced a similar pheomena in 1771-1772 lending credence to the theory that the Montreal traders siphoned off the best furs.

80. PAC, EE, Series 3, vol. 86, "Invoice of One Baie of Peltries...Consigned to Mr. Thomas Harris", p. 14. "Thomas Harris Dr.(debit) to Furs Sold London Feb. 23, 1765", p. 38.

81. PAC, BC, Correspondence, vol. VI, Antoine Vilars à Etienne Augé, 6 March 1769.

82. Ibid. R. Hankey à François Baby, 4 Dec. 1771. Ibid., Antoine Vilars à Etienne Augé, 15 Avril 1771.

83. E. E. Rich, "Russia and the Colonial Fur Trade", The Economic History Review, VII, (1954-55):307-328.

84. Innis, The Fur Trade, p. 246.

85. Lawson, Fur, Appendix A, p. 90, Appendix B, p. 96.

86. PAC, EE, Series 3, vol. 86, 9 Oct. 1775.

87. Canedy, "An Entrepreneurial History", pp. 303, 315-16.

88. PAC, MG, 23 GIII, ANSM, Etienne Augé à Antoine Vilars, 28 Oct. 1771, (PAC reel M-852).

89. PAC, MG 40. The single document of a half dozen pages of bankrupts in 1767 gives no details of the bankruptcy (PAC reel B-3745). The trustee of the estate of James Tyro and Lawrence Ermatinger was William Priestly. See PAC, EE, Series I, vol. 3, Ermatinger to William Priestly, (London), 30 Sept. 1771. Between 1767 and 1769 Patterson and Co. sent furs and bills worth £1,838 to Priestly on behalf of the estate of Tyro and Ermatinger. Ermatinger drew an additional bill of £660 on behalf of the estate to William Priestly in 1771.

90. PAC, EE, Series I, vol. 3, Ermatinger to Oakes, (Grand Portage), 11 May 1772.

91. Ouellet, "Dualité économique...", pp. 258-259, 268.

92. The information in this paragraph is all taken from the Baby Correspondence: PAC, BC, Correspondence, vol. VI, Pierre Guy à François Baby, 2 Sept. 1771; Le Compte Dupré à François Baby, 27 July 1772; Pierre Guy à François Baby, 16 August 1773 and Pierre Guy à François Baby 29 August 1773. Dunn, "Western Commerce", pp. 116-117. Canedy, "An Entrepreneurial History", p. 223.

93. Shy, Towards Lexington, p. 209.

94. Dunn, "Western Commerce", p. 117.

95. PAC, BC, Correspondence, vol. VI, Le Compte Dupré à François Baby, 27 July 1772.

96. If one third of the 1,200 packs was comprised of beaver, 35,996 pounds of beaver at an average of 4s. per pound would produce £7,199 p.a. If beaver comprised 46.4 percent of the value of fur exports, as it did in Quebec, the remaining furs should have produced at least £7,300.

97. Lawson, Fur, p.108.

CHAPTER III

INTERNATIONAL TRADE, SHIPPING AND THE BALANCE ON CURRENT ACCOUNT

I

The decade following the Conquest was one of reconstruction in which the economic structure of New France was retained and expanded in the new province of Quebec.[1] The initial steps of reconstruction were taken during the régime militaire under General James Murray. Rocketing inflation during the final years of the Seven Years' War combined with a series of poor harvests to reduce the populace to near starvation. Price controls imposed by the military government and the massive importation of foodstuffs brought a quick end to the problems of hunger, profiteering and inflation. By 1766 a small grain surplus was exported to Southern Europe, and by 1770 the poverty and starvation that had racked the countryside was reversed as farmers began to concentrate on producing wheat for export to Southern Europe. The all-encompassing war effort left the nascent secondary industries of New France stillborn: shipbuilding, the ironworks, wood products and the fisheries withered to nothingness from a lack of capital and manpower. In the relatively short time span of eight years, although still in their infancy, each of the industries was operative.

The difficulties of re-establishing the fur trade in the post-conquest period have been discussed at length in the previous chapter, but its recovery as well as the secondary export economy was hampered by a general economic malaise that gripped Britain and her American colonies. The British depression, after a brief post-war boom in 1764, was aggravated by a monetary crisis in Europe and a series of poor harvests at home[2]. In the British North American Colonies the effects of the depression were immediate: as specie drained from Britain to the European continent, the easy credit which had marked the Seven Years' War ceased. British merchants clamoured for remittances in specie from their American correspondents to meet the demands of their own creditors.[3] A record number of bankruptcies in New York, Philadelphia and Boston coincided with a similar trend in Britain.[4] To add to the Americans' trouble, sugar prices slumped in Europe and sluggish business with the West Indies further reduced the flow of specie. Moreover, American markets for English and West Indian imports were flooded and merchants despaired of ever selling their stocks.[5]

Quebec could not escape the economic downturn: dumping of excess British and American stocks on the local market was reflected in the frequent advertisements in the Quebec Gazette for auctions, sales at vendue, notices of bankruptcy and announcements by merchants who intended to leave the colony for greener economic pastures. The market was so overstocked that British imports were said to be "daily sold here (Quebec) at Vendue twenty percent below

'prime cost".[6]

The debilitating effects of the depression drove the mercantile community of Quebec to despair. A lament that appeared in the Gazette of January 28, 1768 summed up the bleak situation:

> Consider how small our profits are upon Goods, the Length of Time before the Capital re-enters, without our receiving any Interest, even for the time they remain unpaid after due, and on which we have but a small profit: the Losses we have sustained on our return of Peltries, the high Exchange between this place and London, the uncommon scarcity of Money of which we can scarcely scramble together to make a few small remittances. 7

The author of that discouraging scenario could not have known that the depression had bottomed out. Rising prices for furs that spring in London, and the opening of the Southern European market to Quebec's farmers would lead to a resurgent economy, and except for a brief agricultural set back in 1769, peace and prosperity were to mark the years prior to the American revolution.

The prosperity that marked the early 1770's was built on the economic structure of the previous regime. Quebec remained largely rural and utterly dependent on the fur trade. In 1754 some 75% of the population lived in the countryside, and by 1789 the rural population had climbed to 80%[8]. Fur exports accounted for 70% of the commodity exports in both regimes: in 1736, for example, exports from New France totalled 1,256,939 livres; beaver and other furs

were valued at 872,607 livres and other commodities - chiefly agricultural and wood products, and one ship valued at 50,000 livres - comprised the remainder.[9] Thirty years later, as the statement of Quebec's exports in Table 3.0 demonstrates, the economic structure was remarkably similar:

TABLE 3.0

F.O.B. VALUE OF COMMODITY EXPORTS FROM QUEBEC, 1768-1772
(in pounds sterling)

Commodity	Value	% of Total Exports
Furs	£396,413	70.3
Wheat and Flour	76,614	13.6
Fish	48,440	8.6
Whale and Seal Oil	18,212	3.2
Wood products	10,052	1.8
Others (agricultural products re-exports)	13,929	2.5
Total	£563,660	100

Source: Appendix I, tables 1, 3, 5 and 7.

Exports per capita were also similar in both regimes. In 1736, for example, the population of New France numbered 39,500 and produced exports officially valued at 1,256,939 livres or £54,745 for an average export per capita of £1.38 sterling.[10] Quebec's average exports per annum between 1768 and 1772 were estimated to be £112,700 and with a population of approximately 80,000[11] exports per capita were on the order of £1.41 sterling. The economic structure of New France was thus expanded in the new province of Quebec in proportion to

population growth. Exports per capita compared favourably with those of her colonial rivals, New England and the middle colonies, whose exports per capita were £0.84 and 1.03 sterling respectively.[12]

The thesis that economic structure remained largely unchanged is underlined by the shipping patterns of New France and Quebec. The conquest of New France and its absorption into the British economic empire did not bring any significant change to Quebec's trading structure. The post-conquest pattern of trade closely matched the old. The British economic empire simply replaced the French version.

French textiles, manufactures, brandy, wine and salt were replaced by British dry goods, New England rum and Southern European wine and salt. In return, fur, wheat, fish and wood products were sent to the metropolis and her economic satellites. Shipping and trading patterns were altered slightly in direction, not substance. Tonnage entering and clearing the port of Quebec (1768-1772) is indicative of the new pattern.

TABLE 3.1

TONNAGE ENTERING AND CLEARING THE PORT OF QUEBEC, 1768-1772

	TONNAGE ENTERED	PERCENTAGE OF TOTAL	TONNAGE CLEARED	PERCENTAGE OF TOTAL
Great Britain	16,122	53.1	13,374	43.2
Coastwise	8,640	28.4	8,479	27.4
Southern Europe	4,084	13.5	7,823	25.2
West Indies	1,525	5.0	1,320	4.3
Total	30,371		30,996	

Source: Customs Record 16/1.

We should recall that a yearly average of forty to fifty percent of the tonnage that entered New France from France originated from La Rochelle and the cargoes consisted largely of manufactures and dry goods. Approximately twenty-seven percent of the shipping from France sailed from Bordeaux. Cargo exported from Bordeaux consisted mainly of foodstuffs, wine and spirits. The remainder was shipped from Le Harve, Rouen, and Marseilles. The percentage of tonnage entering from La Rochelle and Bordeaux was remarkably similar to that of Great Britain and the thirteen colonies in the later period as was the nature of their respective cargoes.[13]

Trade with the West Indies, in terms of tonnage cleared, was higher in the earlier period, but was more the result of French metropolitan vessels sailing south in search of a return cargo than in higher mutual trade.[14] The traditional,

small but steady exchange of goods mutually beneficial to both was maintained.

The significant difference in shipping patterns brought about by the change in empire was the exploitation of the Southern European market for Quebec's foodstuffs. New France could rarely ship her surpluses to France, but for a short period had engaged in a prosperous trade with Île Royale. Between 1727 and 1739 an average of 25,825 quintals of flour, biscuit and peas were sent annually to Île Royale[15] until a combination of poor harvests and the illegal competition of New England all but closed the market[16]. The new market, Southern Europe, would receive over 880,000 bushels of wheat from Quebec between 1768 and 1774.

II

The fur trade's dominance of Quebec's economic life compounded with Britain's concomitant preponderance in trade with Quebec tends to overshadow trade with other regions, as well as diminish the crucial role of Quebec's secondary industries in the colony's ability to purchase goods and pay its debts. The secondary export economy was mixed and similar to that of the Middle and New England colonies. After 1769 wheat and flour exports were the mainstay of the secondary export section, followed closely by the fishing[17] and whaling industry. Exports of wood products - planking, staves, potash, etc. - were

negligible. It was not until the close of the eighteenth century that they were of any consequence.

Quebec engaged in an extensive trade with the thirteen colonies, Southern Europe and the West Indies. Slightly over 14% of Quebec's commodity imports came from her other trading partners, while almost 24% of her exports were sent to these regions. As the following table summarizes, Quebec incurred costly trade deficits with Great Britain and the continental colonies and a healthy surplus with Southern Europe and the West Indies:

TABLE 3.2

ESTIMATED VALUES OF QUEBEC'S F.O.B. COMMODITY EXPORTS AND C.I.F. COMMODITY IMPORTS BY REGION, AND THE BALANCE OF COMMODITY TRADE, 1768-1772
(in pounds sterling)

Region	Imports	Exports	Balance
Great Britain	920,200	429,800	(490,400)
Coastwise	168,100	43,100	(125,000)
Southern Europe	9,200	79,900	70,600
West Indies	4,500	10,900	6,400
Total	1,102,000	563,700	(538,400)

C.I.F. imports from Great Britain to Quebec from 1768 to 1772 were estimated to be £920,200. This composite estimate can be broken down into the following categories: £720,400 of goods and commodities originally from England

and Wales, re-exports of £165,400, Irish commodities valued at £22,300 and Scottish goods totalling £12,100. English imports consisted of miles of different cloths -calicoes, woolens, linens, serges and cottons - hardware, lead, flint, shott, gunpowder, paper, glass and painters' colours. Irish imports were primarily composed of foodstuffs and linen. Re-exports, or commodities of foreign origin included textiles such as Silesian linens, drugs, spices of all sorts, luxury food items, tea, tobacco and wine.

Exports of commodities other than furs to Britain had an estimated F.O.B. value of £37,500 and were comprised chiefly of whale oil, wheat and wood products. Britain was the primary customer of Quebec's embryonic wood products industry and consumed over 80% of Quebec's wood exports. Of the 59,500 bushels of wheat exported to Great Britain and Ireland, the bulk was sent to Ireland in 1771 (49,983 bu.), and only 9,519 bushels were shipped to England in 1772 in spite of the royal proclamation that year allowing the duty-free importation of wheat.

Over the five year period 1768 to 1772 progress in the face of competition from New England can be clearly seen in the whale and seal oil industries, as oil exports to Britain jumped from a low of 76 tons in 1768 to a high of 616 tons in 1771. Exports of pig iron were minimal in the imperial context, but represented a minor triumph in Quebec's industrial development. The leasing of the St. Maurice Forges by a consortium of English and French merchants in 1767

halted the importation of Spanish and Swedish unwrought iron.[18] The consortium employed from four to eight hundred men.[19] The axes and hatchets manufactured at the St. Maurice forges were found by the Indians to be superior to those of British make.[20] Local manufacture of these articles reduced imports by an infintesimal amount, but it was the first step in the long process of creating a Canadian industrial capability.

The huge imbalance of trade between Quebec and Great Britain of £490,400 is at first glance shocking. However, as we shall see in a later chapter, this deficit was largely offset by British civil and military expenditures and the invisible profits of the fur trade.

Trade with the other continental colonies or coastwise trade translated primarily into trade with the New England and Middle Colonies. Some trade did exist between Quebec, Nova Scotia and Newfoundland but its extent was limited. An exact breakdown of the trade by value and region would be impossible, but the flow of traffic as shown in Table 3.3 provides a fair assessment.

TABLE 3.3

FLOW OF TRAFFIC ENTERING THE PORT REGION OF QUEBEC COASTWISE, 1768-1772

Origin	Entries	Tonnage
Massachusetts Bay	60	3,080
New York	52	2,200
Other New England Colonies	52	1,564
Philadelphia	15	945
Nova Scotia & Newfoundland	16	814
Virginia	1	80

Source: Customs Record 16/1.

Trade between Quebec and the West Indies, and Quebec and her coastwise neighbours can, in many respects, be considered as one. Exports from the New England and Middle colonies were comprised chiefly of West Indian products: rum, coffee, chocolate, sugar and refined West Indian molasses - New England rum. The imports of New England rum, alone, accounted for almost half of the value of coastwise imports, while other West Indian products comprised an additional thirteen percent. Agricultural imports such as flour, pork and indian corn, made up much of the remainder, while simple manufactures - shoes, leather and candles completed the range of coastwise imports. By 1769 Quebec's merchants began to realize the trade was far too one-sided. A few furs, wood products, fish and, after 1770, wheat could not hope to offset the huge imbalance. In 1769, coastwise imports reached their zenith. A disastrous harvest in 1768 caused by too much rain, produced such a scarcity of grain and flour that

starvation threatened the poorer habitants.[21] Total C.I.F. imports coastwise rocketed to approximately £60,300 in 1769. Some 1,568 tons of flour at a cost of £13,245 were imported that year in addition to £5,540 of pork, peas, cheese and Indian corn. The merchants of the province, conscious of uncertain agricultural production and the unfavourable balance of trade with the thirteen colonies made these two problems cardinal points in their pleas for a local assembly:

> ...yet for some time both its Landed and Commercial Interests have been declining, and if a general assembly is not order'd by your majesty to make and enforce due obedience to Laws for encouraging Agriculture, regulating the Trade, discouraging such importations from other Colonies as impoverish this province, Your Petitioners have the Greatest reason to Apprehend their own ruin as well as the province in General. 22

The political argument that improvement to agricultural production was best legislated had been negated by 1771. Unprecedented exports of wheat (over 80,000 bushels between 1770-1772) and other agricultural products were exported coastwise, most likely, to grain-starved New England which had been a wholesale importer of foodstuffs for over forty years.[23]

As early as 1767 Guy Carleton realized the economic damage of this lopsided trade, and attempted to redress the imbalance by proposing a tax scheme which presaged the Quebec Revenue Act. Carleton's tax scheme would have raised revenues of £8,957 at the direct expense of colonial wholesalers of West Indian produce and offset the costs of the province's civil government.[24] The intended

effect of the taxes was to sever trade between Quebec and the thirteen colonies in favour of direct exchanges between Quebec, Britain and the West Indies. Taxes were to be imposed, not only on West Indian goods transhipped by colonials, but on native manufactures such as American leather, candles, soap and bar iron. As the following table demonstrates Carleton's scheme would have all but ended trade between the two regions:

TABLE 3.4

CARLETON'S PROPOSED PROVINCIAL DUTIES
FOR THE PROVINCE OF QUEBEC, 1767
(in sterling)

Tax Origin	British Brandy /gal.	Rum /gal	Molasses /gal.	Sugar /cwt.	Coffee /cwt.
Colonies	-	9d.	3d.	5s.	£1.8.0
West Indies	-	3d.	1d.	-	-
Great Britain	2d.	-	1d.	-	-

Source: PAC, MG 11, CO 42, vol. 5 p. 306.

In a letter to Lord Shelburne Carleton outlined the rationale behind his scheme and the dilemma of coastwise trade:

> ...the colonies upon the Continent have been able to drive here a very gainful Trade by vast Importations of Rum, of their own manufacturing, and vending the Produce of the West India Islands, on which they receive considerable Profits: the more detrimental to this County, that they drain it of Specie as in Return they take nothing else except Bills of Exchange...." The new taxes,"would divert a Trade so ruinous and Impoverishing to throw more of this

> Branch of Commerce into the Hands of the Mother Country, and to invite the people here to engage in a direct Trade to the West India Islands, where with the Produce of the County instead of ready Cash they may purchase such articles, as are wanted for their own Consumption. 25

Carleton's plan was not immediately adopted and American imports continued apace culminating with the import of 701,305 gallons of rum in 1774 which poured in coastwise in an effort to avoid the new tax of 9d. per gallon imposed on New England rum by the Quebec Revenue Act.[26] American imports were reduced to a trickle by 1776 and ceased altogether in 1779. Thereafter, West Indian produce was either imported directly or in British bottoms.

Progress in reducing the dependance on the continental colonies for West Indian products was being made before the imposition of the Quebec Revenue Act. As early as 1764 direct trade with the West Indies recommenced, as six vessels departed Quebec for West Indian destinations. In the following three years only nine vessels sailed from Quebec to the West Indies while six vessels entered Quebec from West Indian regions. From 1768 to 1772, trade, in terms of numbers of vessels plying between regions, trebled as 29 vessels cleared Quebec for West Indian destinations and 19 entered Quebec from West Indian ports. Direct imports of molasses from the West Indies doubled from 15,157 gallons in 1768 to 32,090 gallons in 1772, and by 1774 had tripled to over 100,000 gallons.[27] The increase in direct imports was, no doubt, tied to the opening of a successful distillery in 1769 by the Quebec merchant Henry Drummond which by 1771[28] produced upwards of

70,000 gallons of rum per annum.

Over forty-five percent of the value of Quebec's exports to the West Indies of £11,000 were in dried fish from the Gaspé fisheries; flour comprised eighteen percent and the remainder was made up of other agricultural products, wood products, oil and re-exports. Quebec had a modest surplus in the trade with the West Indies of £6,600. However, if the value of West Indian goods imported to Quebec from the Continental Colonies is taken into account, the trade surplus becomes an overwhelming deficit. Commodities of West Indian origin, whether refined or unrefined had a C.I.F. value of £94,600 while the F.O.B. value of Quebec exports to the West Indies and the continental colonies combined amounted to only £54,000.

Southern Europe offered Quebec a lucrative market denied New France. Between 1768 and 1772 upwards of £80,000 of wheat, fish and other commodities were sold in this new market. This market not only accounted for over 14% of Quebec's exports, but was the foundation of her secondary export sector. Almost half of Quebec's secondary exports were sent to this region doubling the value of secondary exports coastwise and to Great Britain and dwarfing those sent to the West Indies. Almost 66% or £50,650 of the wheat and flour and 56% or £27,000 of the dried cod fish exported from Quebec found their way to Southern Europe. (It must be pointed out, that the largesse in cod was shared with New

England and Jersey fishermen. See Appendix 3.) With imports valued at only £9,240 Quebec had a positive balance of trade of £70,600 with Southern Europe. Quebec's traditional trade with the metropolitan supplier of manufactures and textiles allied with the importance of this new market gave Quebec a definite European and North Atlantic orientation to her trade. Unlike the West Indies the geography of the European market allowed Quebec to compete on a more equal basis with her colonial rivals to the south. Southern Europe's role in the supply of cash, commodities and bills of exchange to offset British trade deficits was outlined in 1787 in the Report of the Committee on Commerce and Police:

> The Trade to Portugal and Spain has always been favourable to the province. Our import of Wine and Fruit is but small, when compared with our export of wheat. The Balance produce of our Cargoes is either remitted to Britain in Cash, or in Wine and Fruit for the London Market and consequently serves as a remittance from the merchants of the Province to their English correspondents.[29]

Britain's penetration of Portuguese markets had been established in the first decade of the eighteenth century. While Portugal and England were allied against France, British merchants wrested control of the cloth manufactures and grain trade from the French during the war of the Spanish Succession[30]. England, moreover, produced no wines of her own and was a natural customer for Portuguese wines which by the Methuen Treaty of 1703 were taxed at a rate 33% lower than French wines. The tax on Portuguese wine entering France, on the other hand, was £20 per tun higher than the similar English tax.[31]

Trade between Spain and the British North American colonies had been ongoing since the middle of the seventeenth century. Bilboa, the costal entrepot for Madrid received some 60,000-70,000 quintals of fish per year and the entire Iberian market consumed over 300,000 quintals of fish per annum[32].

Throughout the eighteenth century American wheat, as well as tobacco, candles, beeswax, wood products and rice found its way to Iberian and Southern Europe destinations. As early as 1717, the port of Salem alone engaged in a surplus trade with Southern Europe of the magnitude of £41,000, and by 1731 Pennsylvania exported over £33,000 worth of wheat, bread, grain and fish to Southern Europe[33].

Portugal and Spain's ability to purchase these commodities was dependent upon the wealth generated by their American colonies. Brazil, for example, exported over £4,800,000 in gold and sugar to Portugal in 1760. In return, Lisbon's large mercantile class sent British manufactures, light woollens and worsted textiles suitable for the Brazilians. In the latter half of the 1750's, Britain had a positive balance of trade with Portugal of close to £1,000,000 but exports fell soon afterwards to an annual average of £613,000 between 1771-1773[34]. The contraction of the market affected only English manufactures and textiles while colonial exports of fish and wheat continued apace.

The Southern European grain market was also controlled by English wine merchants who doubled as exporters of surplus English and Northern European wheat[35]. English grain exports to Southern Europe which had reached high levels between 1757 and 1764 ceased in 1766 when a combination of severe frosts and heavy rainfall lead to the first English peacetime embargo on wheat[36]. In 1767 another poor harvest saw the London price for wheat jump to 8s.3d per bushel. The harvests in 1768 and 1769 were only slightly better, and that of 1771 was a disaster. By 1772, the London price for wheat reached a high of 8s.6d. per bushel[37]. Harvests in Northern Europe were also poor in the years after 1766, and British corn merchants began to flood the colonies with commissions for wheat.

In 1766 the Gazette reported that eighteen vessels cleared Quebec for ports in Southern Europe. François Baby shipped a cargo of wheat that year on his own account and made a handsome profit of 105%[38]. The following year four vessels cleared for Southern Europe carrying 15,910 bushels of wheat and 686 barrels of flour. Although eleven vessels took over 23,000 bushels to Southern European ports in 1768, the poor harvest that fall precluded any grain exports the following year. The massive importations of flour, bread and grain from New York and Philadelphia relieved the province and provided seed for spring[39]. A full recovery was made with a successful harvest in 1770 and, as summarized in Table 3, wheat exports to Southern Europe grew each year until 1774.

TABLE 3.5

EXPORTS OF WHEAT TO SOUTHERN EUROPE, 1767-1774

Year	Bushels Exported
1767	15,910
1768	23,362
1769	-
1770	29,584
1771	103,269
1772	121,856
1773	221,645
1774	383,438

Sources: PAC, MG 19, G1, vol. 10. Customs 16/1.
PAC, Report 1888. S.T.Q.
The figures for 1773 and 1774 are estimates taken from the PAC Report 1888, which does not differentiate exports to the West Indies and Southern Europe. The estimate is based on the exports from 1768-1772 recorded in Customs 16/1 which showed over 99% of wheat exported to these two regions went to Southern Europe.

The outbreak of the American revolutionary war all but cut off the booming trade with Southern Europe: the 383,000 bushels exported in 1774 fell to 88,000 the following year, dwindled to a mere 6,000 bushels in 1777 and ceased altogether until after 1783. Exports were halted because of internal consumption by British troops, merchant speculation, hoarding by the habitants, and a series of military embargoes begun in 1778 closed the market just as her farmers and merchants began to take full advantage of the opportunity.

By 1772, a complete post-war recovery had been accomplished in

Quebec. Not only were furs bringing handsome prices on the London market, but Quebec's secondary industries had revived and claimed their traditional share of 30% of the value of exports. Exports per capita returned to pre-war levels and surpassed those of her American rivals, the New England and Middle colonies. The conquest had thus brought little change to Quebec's economic structure. Her trading patterns had altered only in regard to direction and not substance.

Quebec engaged in a prosperous trade with the West Indies and Southern Europe, but commodity trade surpluses with these regions could not offset the massive trade deficits coastwise and with Great Britain. The commodity trade deficit of £538,400 was significantly reduced by British payments of an estimated £354,500 for civil and military expenditures in Quebec and further reduced with the inclusion of invisible earnings on exports and for the provision of shipping services.

II

The balance of commodity trade is only a partial indicator of a region's economic health. The balance on current account provides a more accurate assessment by including commodity trade and 'invisibles' such as the cost of shipping services. It must be remembered that Quebec's balance of commodity trade measured the values of F.O.B. exports and C.I.F. imports. Invisible earnings

for freight, insurance and merchant's commission were calculated on imports but not on exports. Quebec's invisible earnings reduced her trade deficit by £104,500. Estimated mercantile profits of £93,000, especially those earned on fur exports of £78,500, generated the lion's share of earnings. The freighting of commodities to and from other regions and payments for port costs in Quebec produced an additional £14,000. Invisible earnings were a crucial factor in the British North American colonies' ability to offset commodity trade deficits with Great Britain. Average annual earnings of £610,000 for shipping services and £222,000 for other invisible earnings - mercantile profits, interest and insurance - reduced the average annual British North American deficit of £1,331,000 by 62 percent.[40]

Shipping earnings produced revenues second only to the export of tobacco. Quebec's shipping earnings paled in comparison to those of her southern neighbours. Moreover, her chief rivals, the New England and Middle colonies were the main beneficiaries of these earnings culling £329,400 and £170,800 per annum respectively from the North American total[41]. With no relatively high volume staples such as gold, sugar, tobacco or furs of their own to export, these two areas were dependent upon shipping earnings and other invisible earnings to redress their trade deficits with Great Britain.

There were several underlying reasons for the failure to develop a domestic shipping capacity in either New France or Quebec. The primary reason

for the lack of Canadian-owned shipping was the nature of the fur economy which accounted for seventy percent of the commodity exports in both New France and Quebec. Only one small ship was required to carry out the entire fur harvest of New France in any one year. It was found impractical to risk the entire year's consignment on one vessel, and several ships were used for this purpose. In 1764, the only year for which data exists, six vessels carried ninety-two percent of the furs exported to Great Britain.[42] No other North American colony could hope to send seventy percent of its commodity exports in so few vessels. For each pound sterling of exports to Great Britain, the continental colonies required four tons of shipping to one for Quebec.[43] The thirteen colonies, dependent upon high bulk to value exports, had no other choice but to turn to shipbuilding. Both New France and Quebec were primarily concerned with inland transportation and were content to leave oceanic transportation to the metropolis, and, in the case of Quebec, to the New England and Middle colonies. The premium on manpower, owing to the high wages paid to those engaged in the fur trade,[44] was also partially responsible for inhibiting a native shipbuilding industry, but the fact that Quebec did not need her own merchant marine for the basis of her survival would appear to be the reason for its failure to develop.

Attempts to develop a domestic shipbuilding industry in New France and Quebec met with limited success. French governmental policy had tried to encourage shipbuilding in New France by a system of bounties from 1731 to 1739.

Yet, the high cost of labour, the effects of war, and competition from the King's shipyard halted the nascent industry by 1743. The almost continuous use of all qualified carpenters from 1743 to 1760 for the construction of the King's vessels and batteaux to transport French troops inland was the death knell of the industry. In 1748 François Bigot, the Intendant, could find a mere three schooners in the colony and by 1758 in spite of the war, small vessels used for cabotage were purchased from New England[45]. In short, the shipbuilding industry had to begin from scratch after the Conquest.

The industry began to revive in 1763 when 1,716 tons were built[46]. The average size of the vessels was only forty to fifty tons: suitable for cabotage and the Gulf fisheries. In 1768 two vessels suitable for oceanic commerce, the ship Solid Carleton and the ship Betsy, were launched. The Betsy was built by Z. Thompson, the captain of the port. No other ships appear to have been completed until 1773 when Thompson finished the ship Hector. From 1768 until 1772 the Solid Carleton and the Betsy constantly plied the Atlantic. It is probable that the controlling share of the Solid Carleton belonged to François Levesque, who was the sole agent for the ship from 1768 to 1774. The Betsy's captain, William Painter, had been formerly in the employ of the Quebec merchant partnership of Douglas and Aitkin, whose brig the Mary and Susannah was lost in the St. Lawrence in 1768. In the absence of any solid evidence, the Solid Carleton and the Betsy are the only vessels that can be identified as Canadian-owned, with the exception of several

smaller vessels which originated from Quebec and the brig Pitt said to be owned by Quebec merchant Robert Wilcox[47]. As a transoceanic pattern of ownership was common in the eighteenth century, British merchants may have owned shares in these ships and some Quebec merchants in British vessels[48].

As it was impossible to discern how many shares of each vessel were owned by Canadians for the purpose of calculating shipping earnings, it was assumed that a vessel was wholly owned by the residents of its port of origin. Thus, the Solid Carleton, the Betsy, the Pitt, and most of the vessels trading to the West Indies will be considered as Canadian-owned ships in the calculation of shipping costs and earnings.

The dearth of domestic shipping forced Quebec's merchants to rely on foreign shipping and ships' captains. Reliance on foreign captains was not without consequence. Command of a vessel was often a minor function compared to his other duties. In foreign ports the captain sold and collected cargoes and accepted bills of exchange to return to merchants in his home port. Captains frequently organized trading ventures and performed all commercial functions in their home port[49]. As has been recently pointed out:

> Merchants were highly dependent on their factors or ship captain, the person to whom consignment was made. This dependency of merchants on their selling agents and the concomitant degree of risk involved explain in part why colonial merchants favoured colonial

> ships and ship captains. The greater the familiarity between merchant and agent, the lower the risks of the trade. Consequently, the frequency of contact and the speed of communication between merchants and their marketing agents partially determined the degree of risk, and importantly entered the cost of trade over various routes. 50

Only in the competitive West Indian trade, where a knowledge of markets and resident factors was a prerequisite, did Quebec's merchants have the luxury of employing colonial ship captains[51]. In order to keep the exchange of valuable cargoes of furs, manufactures and textiles in a few trusted hands on the London-Quebec route, a highly organized and compact shipping network emerged. An identifiable corps of captains dominated traffic. They were in effect both metropolitan and colonial captains who appeared to be the tool of neither but the servant of both. Entrances to Quebec from London, as recorded in the Gazette between 1764 and 1772, substantiate this theory. Overall, some eighty-eight captains made one hundred and nineteen entries. Ten captains made fifty entries (42 percent) and seventeen made seventy-one entries (60 percent).[52] The existence of the network was testimony to the high degree of specialization on the London-Quebec route and the ability of the merchants of London and Quebec to turn a potential handicap to their advantage.

The inability to provide domestic shipping was detrimental to the secondary export sector. It had a depressing effect on wheat prices and dampened a merchant's willingness to ship on consignment. For example, in 1771 Lawrence

Ermatinger on strict instructions from his London correspondent, Benjamin Price, could not find a vessel to haul wheat to Europe at under 15d. sterling.[53] The following spring, Ermatinger refused to advise Price on autumn prices as, "it will entirely depend on what Shipping we will have in the Spring. Should Shipping be Scarce wheat must fall, it is impossible to give any advice about it at present how it will be".[54] In 1773, some 60,000 bushels were left in Quebec's graineries for want of shipping[55]. Only the unprecedented arrival of foreign vessels in 1774 saved the surplus from rot. Canadian merchants were probably less willing than their colonial counterparts to engage in the speculative venture of sending cargoes of wheat to Southern Europe. Without a sure command of shipping strength the venture was better left in the hands of the metropolitan merchants who could be sure of chartering a vessel.

Dependence on foreign shipping also had deleterious effects on nascent wood products industry. Quebec's merchants were well aware of the problem. In 1766 an 'unsigned friend' estimated in his letter to the Quebec Gazette that thirty to forty times "The Number of Shipping that annually come into this colony" would be required before the timber industry could offset the colony's trade deficit[56]. Producers of oak staves sent a petition to London in 1772 to air their complaints.

> The Quantity of Freight out from Great Britain to this Province has very much diminished for some years...the bringing out of Ships in Ballast is so very expensive that the stave cannot hope to defray the costs of shipping out and home." 57

In the petition the stave exporters argued that British bounty of £6 per thousand granted in 1771 should be changed to £6 per ton of shipping in order to attract more British shipping. Their arguments regarding tonnage and quantity of exports were not far fetched. As the following table demonstrates, except for 1772 when the effect of the bounty was obviously being felt, stave exports and tonnage paralled one another:

TABLE 3.6

TONNAGE DEPARTING QUEBEC FOR GREAT BRITAIN AND STAVE EXPORTS TO GREAT BRITAIN, 1768-1772

Year	Tonnage	Staves Exported	Ratio
1768	2,438	184,704	75
1769	4,136	323,358	78
1770	1,630	63,674	39
1771	3,278	208,398	63
1772	1,892	179,487	95

Source: Customs Record 16/1.

The boom in stave exports in 1769 was directly related to the scarcity of grain in Southern Europe. British ships were drawn to Quebec in search of wheat only to find that there had been a disastrous harvest. Freight rates were soon lowered and stave exports rose accordingly[58]. The same phenomenon occurred five years later when almost 15,000 tons of shipping entered Quebec. Despite the fact that over 460,000 bushels[59] of wheat were exported to Britain and

Southern Europe, "many (ships) went away without loading at all".[60] Freight rates must have been lowered again and stave exports, which had fallen precipitously in 1773 to 118,470, doubled to 250,000 in 1774. Clearly, the exporters of staves could not develop to their full potential in such an unstable climate.

Payments for both British and colonial freight charges were burdensome. Freight charges for British imports were 2.5 percent of their value[61]. The F.O.B. costs of British imports and re-exports of 844,100 thus yielded £21,100 in freight charges. Quebec's earnings on this route can be calculated, if it is asumed that freight was evenly distributed over the 16,122 tons of shipping which entered from Great Britain between 1768 and 1772. The Canadian ships, the Solid Carleton, the Betsy and the brig Pitt, made four,[62] three,[63] and one[64] entry respectively between 1768 and 1772. If the ships Solid Carleton and Betsy were 200 tons, and the brig Pitt 125 tons, their gross tonnage was 9.5 percent of the total and the revenue earned would have been £2,000. (The true earnings of these vessels is probably understated; both the Betsy and the Solid Carleton were part of the core group of vessels and outfitting solely in London for Quebec.) In the journey to London it can be assumed that the Solid Carleton must have been one of the core of six vessels carrying furs to London. Earnings on this route, based on 1/6 the value of fur exports from 1768 to 1772 at a freight rate of 2.5 percent of their sale value,[65] would have been £1,960 and an additional £1,680 would have been earned in the transport of other freight.[66]

Freight charges coastwise were higher owing to the bulk nature of the cargoes - rum, molasses, and foodstuffs. In order to estimate these costs reference was made to Shepherd and Walton's estimates for freight rates per ton (£2.5) on the middle colonies - West Indian route. The distance by sea between New York and Montreal is approximately equidistant to that of New York and Jamaica[67]. Coastwise ship owners thus received £21,650 in freight revenues if their vessels were used to capacity. There can be no doubt that this was the case. A simple calculation based on McCusker's estimates for the cost of freighting rum and molasses from the West Indies to the thirteen colonies reveals that costs of freighting the 1,200,000 gallons of rum and molasses carried to Quebec (1768-1772) coastwise would have been upwards of £20,545.[68]

On the Southern European route Shepherd and Walton's model called for freight charges of £11,650 on imports. However, the C.I.F. value of these imports amounted to only £9,240. An upward bound of freight charges on this route can be estimated thusly: if the 112,418 bushels of salt imported into Quebec were shipped at the prevailing rate of 15d. sterling per bushel and the sixteen tuns of wine at the normal rate of £3.5 per tun, gross freight charges could not have exceeded £7,080.

A dearth of source materials on the Gaspé fisheries renders the assessment of freight earnings on the Southern European route difficult. The

principal Quebec fish merchant, William Smith, was said to have wintered each year in Spain.[69] Smith apparently had three times the capital and vessels of one of his principal Jersey competitors, Charles Robin, of Robert Pipon and Company.[70] If Smith took only two small vessels (75 tons) laden with fish to Spain each year and returned with a half-cargo of salt, his earnings would have been £450 per annum for the outbound journey and £153 per annum for the return cargo.

The Betsy cleared for Barcelona three times in this period. She would have left fully laden with grain and returned via London each voyage. Freight earnings for carrying the wheat would have been £587 per voyage based on the prevailing rate at Quebec in 1771 of 15d. sterling per bushel. On the Southern European-London route her earnings, based on £12 per ton and 50 percent utilization[71], would have garnered another £200 per annum. Total estimated earnings by the Betsy and Smith for the five year period amounted to £5,380.

Evidence for the West Indian route is incomplete. The Quebec Gazette records only thirty-one entrances and clearances to and from the West Indies. Yet, customs records cite nineteen entrances from that region and twenty-nine clearances to the West Indies. Of the vessels recorded in the Gazette only five did not originate from Quebec: three vessels clearing to the West Indies entered from New York, another entered from Southern Europe, and only one vessel, the sloop Gaspé, originated from the West Indies. Her captain, Joseph Fox,

cleared to Newfoundland in the sloop Industry and returned the following year via St. Lucia and Newfoundland.[72] The sloop Gaspé, then, could only have been a Quebec vessel. The revenue earned by Canadian vessels freighting goods from the West Indies would have been approximately £1,670[73]. Quebec vessels freighting goods to the West Indies would have earned an additional £1,175[74].

The gross imbalance in freight earnings was offset slightly by charges for ship repairs in Quebec and monies spent by foreign sailors for provisions, drink and shelter in Quebec. If the 2,374[75] sailors who entered Quebec spent an average of three weeks in port and the cost of their provisions was similar to those of British troops (6d. per day),[76] £1,250 would have been spent on their provisions. Another £250 for drink could probably be added. The treacherous conditions of the St. Lawrence made ship repairs a frequent occurrence. One brig, the John and William, chartered by Benjamin Price of London to take out a cargo of wheat, struck rocks near Green Island; broke sixteen fetlocks and suffered over £200 of damage[77]. Ship repairs, both major and minor, were estimated to be on the order of £300 per annum. Port costs, then, for foreign vessels would have averaged £600 per annum.

To summarize the evidence presented above, I have compiled the following table which succinctly demonstrates the cost to Quebec's balance on current account for freighting services:

TABLE 3.7

ESTIMATED SHIPPING EXPENDITURES AND EARNINGS
FOR QUEBEC, 1768-1772
(in pounds sterling)

Region	Expenditures	Earnings	Surplus (deficit)
Great Britain and Ireland	21,100	5,640	(15,460)
Coastwise	21,650	-	(21,650)
Southern Europe	7,080	5,380	(1,700)
West Indies	-	2,850	2,850
Port Costs	300	3,000	2,700
Totals	50,130	16,870	(33,260)

Quebec's dependence on foreign shipping was analagous to the southern colonies dependence on British vessels to haul their bulky commodities - tobacco, rice, indigo and wheat - to market[78]. Both regions devoted their energies to producing staples and left the problems of transport to others. Quebec's secondary export sector was necessarily stunted by the uncertainty of volume shipping. Other regions competing with Quebec for British markets had developed shipping capacities to complement their high bulk export economies. By 1764 the thirteen colonies not only possessed a competitive merchant marine, but supplied 30% of the vessels in the British mercantile fleet[79] and as early as 1695, specialized ships, built for size and not speed, were hauling lumber from the Baltic

to Britain. The imperial market provided new outlets for Quebec's developing secondary industries, but they could not be properly exploited without the development of a large-scale shipbuilding industry. The slow re-establishment of the shipbuilding industry allowed Québec's merchants to earn some revenue for shipping services, but these earnings of £16,000 were insignificant in the North American context and could not offset net freight expenditures of over £50,000.

III

The methods of estimating mercantile profits on commodities, other than furs, was taken directly from those of Shepherd and Walton and amended to suit Quebec's unique characteristics. On commodities exported or imported on the account and risk of colonial merchants, they called for mercantile profits of 7.5% on exports to Great Britain, 10% on exports to Southern Europe and the West Indies and 10% on imports from those two regions.[80] Risk or ownership of the cargoes imported or exported was determined thusly:

> ...the percentages of each trade handled by colonial merchants were the same as the percentage of colonial-owned tonnage entering and clearing colonial ports in each trade. The estimated values of services (other than shipping) sold abroad can thus be estimated by the product of the above percentages, ownership percentages and the value of goods traded . 81

Their estimates of invisible profits, other than shipping, earned by the three northern colonies amounted to only £18,000 for the entire five-year period.[82] They were unaware of the true value of fur exports or that these exports returned profits of 20% to the exporters, rather than the 7.5% they suggest. Nor

was their assumption that colonial ownership of a vessel a sure indication of who bore the risk on exports. Non-resident ownership of the vessels that carried Quebec's goods to market did not necessarily mean that no risk was being taken by the colonial merchants. On the contrary, in both the Quebec Gazette and in merchants' correspondence frequent reference was made to the risks assumed by resident merchants in the export of commodities other than furs. Quebec's economy, based primarily on the export of furs, produced a unique relationship between colonial merchant, ship captains and metropolitan merchants which precluded the necessity of shipowning. Accordingly, exports on all items to Great Britain other than furs, were estimated to have returned a 7.5% profit to Quebec.

On exports to Southern Europe it was evident that some merchants were exporting wheat on their own risk[83]. Moreover, merchants who purchased wheat on behalf of Britons could command commissions of five to seven and a half percent[84]. Accordingly, wheat exports and commodities other than fish were assumed to have returned average profits of 7.5%, while one-third of the 'official' exports of fish to have returned profits of ten percent. On the West Indian route it was assumed that profits on imports and exports of 10% accrued to Quebec merchants as few foreign vessels were occupied in this trade. The three vessels which cleared to the West Indies that did not originate from Quebec were excluded from the calculation of profit.

No profits on coastwise exports were calculated. Coastwise imports were brought, on non-resident vessels and, owing to the large deficit in coastwise trade, it was assumed that coastwise exports were sent in return for imports, or purchased by colonial ship captains at their own risk.[85] In order to calculate the C.I.F. value of coastwise imports, mercantile profits of 10%, insurance costs of 2.5% and freight charges were added to the F.O.B. estimates as the products and the distances travelled were similar to that of the West-Indian trade. Quebec's invisible payments for commodities imported coastwise amounted to an additional £41,100 over their estimated F.O.B. value of £131,100.

Earnings for insurance, either made or assumed by Quebec's merchants, were negligible. Shepherd and Walton assumed that colonial merchants personally bore a one percent risk of the value of exports to Great Britain, one half the value of imports, and all the risk on colonial-owned exports to the West Indies and Southern Europe. The insurance earnings were then credited to the balance on current account. There has not been, as yet, any evidence that Quebec's merchants were in the habit of making insurance or assuming the risk on any of these routes, with the exception of the West Indian route. In the account books of Lawrence Ermatinger and John and Robert Stenhouse, insurance on furs was always made in Britain. Ermatinger never assumed any risk for his imports, nor did the Guy family, Etienne Augé or any of the Canadian merchants dealing with the London firm of Antoine and David Vilars. Consequently, no credit for insurance earnings

on any route except the West Indies was credited to Quebec. However, if the prevailing insurance rates on the various routes are taken into consideration with the volume of goods traded internationally, a sort of negative credit is due to Quebec. Since the value of Quebec's imports far exceeded the value of her exports, a net credit of £11,800 based on the value of goods damaged, spoiled or lost through shipwreck should go to the positive side of Quebec's balance on current account. On the negative side of the ledger, Quebec had interest payments on an estimated average annual deficit of £12,000. As British merchants normally charged 5% interest per annum on goods after one year's credit, Quebec's payments on the deficit compounded annually would have been approximately £8,900.

The estimates of commodity trade combined with the estimates of invisible earnings presented in Table 3.8 summarize Quebec's balance on current account from 1768 to 1772.

TABLE 3.8

ESTIMATED BALANCE ON CURRENT ACCOUNT
OF THE PROVINCE OF QUEBEC, 1768-1772[a]
(in pounds sterling)

Region	Commodity Trade Balance	Mercantile Profits	Shipping Earnings	Balance on Current Account
Great Britain	(490,400)	81,200	5,600	(403,600)
Coastwise	(125,000)	-	-	(125,000)
Southern Europe	70,600	9,900	5,400	85,900
West Indies	6,400	1,800	2,900	10,700
Total	(538,400)	92,900	13,900	(433,900)

a - These balances do not include credits from British civil and military expenditures in Quebec, earnings from port costs charged to foreign nationals and vessels, Quebec's interest payments and the insurance credit to Quebec.

The commodity trade deficit with Great Britain is lowered considerably with the addition of invisible profits. Surpluses in the trade with Southern Europe and the West Indies rise slightly and the deficit coastwise remains intact. The surpluses in the trade to Southern Europe and the West Indies came close to redressing the deficit in coastwise trade. In an indirect way Quebec's export of agricultural commodities paid for the substantial part of her import of New England rum and West Indian produce transhipped by colonial vessels, while fur exports offset her non-military import of British cloth and manufactures. Net

port earnings of £2,700 and the insurance credit owing Quebec of £11,800 offset by interest payments of £8,900 reduced the overall deficit on current account of £433,900 to £428,300. The lion's share of the remaining deficit rested in the trade to Great Britain. The average annual trade deficit of £80,700 with Britain was largely offset by the massive spending of the imperial government in Quebec of an estimated £357,600 between 1768 and 1772. Expenditures of this nature properly belong in the balance on current account (which would see the overall current account deficit tumble to £70,700), but the magnitude and nature of the civil and military expenditures warrant a more thorough examination in the following chapter.

NOTES TO CHAPTER III

1. This thesis is best expounded by Fernand Ouellet in his introductory chapter in Histoire économique.

2. T. S. Ashton, Economic Fluctuations in England, 1700-1800, (Oxford: at the Clarendon Press, 1959), pp. 152-153.

3. William S. Sachs, "The Business Outlooks in the Northern Colonies, 1750-1775" (Ph.D. dissertation, Columbia University, 1957), p. 130.

4. T. S. Ashton, An Economic History of England: The Eighteenth Century, (London: Methuen and Company, 1961), Table XVI, pp. 152-153.

5. Sachs, "The Business Outlooks", pp. 110-114, 130, 142.

6. Q.G. 7, Jan. 1768.

7. Q.G., 28, Jan. 1768.

8. Ouellet, Histoire économique, p. 83.

9. Frégault Le XVIII^{e} Siècle, p. 291.

10. Frégault, Le XVIII^{e} Siècle, p. 377.

11. Shepherd and Walton's estimates on Quebec's population is too low. See Shipping p. 47, f.n.b. The census of 1765 gave a population of 68,810 and that of 1783 a population of 113,014 see Craig, "Economic Conditions" pp. 1, 22. Craig estimated the population in 1774 to be 90,000. Ibid., p. 15. The population for 1768-1772 was probably about 80,000.

12. Shepherd and Walton, Shipping, p. 47.

13. James Pritchard, "Ships, Men and Commerce: A Study of Maritime Activity in New France" (Ph.D. dissertation, University of Toronto, 1971), p. 310. The period between 1713 and 1743 is the best measure of the 'normal' operation of the economy in New France. The continuous state of declared and undeclared warfare after 1748 impeded the emerging patterns of trade and shipping. All tonnage percentages and references to French ports of origin in this paragraph are taken from Pritchard's tables, Appendices 2-10, pp. 481-486.

14. Pritchard, "Ships, Men and Commerce," p. 498, Table IXX. The yearly average tonnage departing Quebec for the West Indies was 530 tons as opposed to 132 tons per annum from 1768 to 1772. The higher tonnage was owing to large ships engaged in triangular voyages. See pp. 346, 348.

15. A. J. E. Lunn, "The Economy of New France, 1713-1760" (Ph.D. dissertation, McGill University, 1942), p. 449.

16. The illegal trade between New England and Louisbourg all but closed the Acadian markets after 1737. See Christopher Moore, "The Other Louisbourg: Trade and Merchant Enterprise in Ile Royale", Histoire Sociale/Social History, XII, (May, 1979), pp. 81, 90; Pritchard, "Ships, Men", pp. 323-327.

17. Exports of dried codfish were sent from the Gaspe via the port of Bonaventure by Quebeckers, Jerseymen and New Englanders to the West Indies, Southern Europe and the continental colonies. It is impossible to determine the quantities exported by Quebeckers. The quantities as listed in Customs 16/1 have been used to calculate export values to overseas areas without regard to the international nature of the catch. The resultant over-valuation of exports is dealt with in Appendix 3, "Wheat and Fish".

18. Craig, "Economic Conditions". p. 150. Q.G. 21 January, 1768.

19. Ouellet, Histoire économique, p. 116.

20. H. A. Innis, Select Documents in Canadian Economic History, 1497-1783. (Toronto: University of Toronto Press, 1929). "Report of the State of Manufactures in the Province of Quebec", August 1768, p. 464.

21. Craig, "Economic Conditions", p. 56. Ouellet, Histoire économique, pp. 82-3.

22. Adam Shortt and Arthur P. Doughty eds. Documents Related to the Constitutional History of Canada, 1759-1791, (Ottawa: The Queen's Printer, 1907). p. 291.

23. Harrington, The New York Merchant. p. 210. Sachs, "The Business Outlooks". p. 176.

24. PAC, MG 11, transcripts of Colonial Office Records, (hereafter CO), CO 42, vol. 5 pp. 314. "Guy Carleton to Lord Shelburne" 10 December, 1767. The tax revenues would have underwritten the costs of civil government of approximately £8,900 per annum.

25. Ibid., pp. 303-4.

26. STQ, p. 6.

27. Quantity data 1768-1772 taken from Customs Record 16/1. Data for 1773-4 taken from STQ.

28. Craig, "Economic Conditions", p. 169. Innis, Select Documents. "Report on the State of Manufactures in the Province of Quebec". p. 465.

29. PAC, CO 42, vol. 27, pp. 248-49. "Report of the Committee of the Council on Commerce and Police 1787". Craig, "Economic Conditions", p. 74. Traffic to Southern Europe in 1787 was high as 45% of the outbound tonnage that year sailed to the Iberian Peninsula. see J.P. Wallot and G. Paquet "International Circumstances", C.H.R. L111, p. 387.

30. Ashton, On Economic History p. 155.

31. H.E.S. Fisher, The Portugal Trade: A Study of Anglo-Portuguese Commerce. 1700-1770. London: Methune, 1971, pp. 36-37.

32. James G. Lyndon, "Fish and Flour for Gold: Southern Europe and the Colonial American Balance of Payments". Business History Review, XXXIX, (Summer, 1965) p. 173.

33. Ibid., pp. 179-181.

34. Fisher, The Portugal Trade, pp. 31-41.

35. Ibid., pp. 55-61, 65-68. Sachs, "The Business Outlooks". p. 167. Ralph Davis, The Rise of the Atlantic Economies. (London: Wiedenfeld and Nicholson, 1973) pp. 233-4.

36. Fisher, The Portugal Trade, p. 39-41.

37. Ashton, Economic Fluctuations, p. 21.

38. Miquelon, "The Baby Family", p. 53.

39. Craig, "Economic Conditions", p. 56 Innis, Select Documents, pp. 572-573.

40. Shepherd and Walton, Shipping, p. 116.

41. Ibid., p. 128. Table 7.6, "Estimated Shipping Earnings, 1768-1772".

42. James Pritchard, "The Voyage of the Fier: An Analysis of a Shipping and Trading Venture to New France, 1724-1728", Histoire Sociale/Social History, (April, 1973), pp. 81, 9. Pritchard, "Ships, Men", pp. 323-327. PAC, MG 19, GI, vol. 10, "Furs and Skins Exported, 1765-1773".

43. Based on Shepherd and Walton's estimate for tonnage clearing the thirteen colonies, Shipping, Table 7.2, pp. 118-119 and my estimates for the value of Quebec's exports, 1768-1772.

44. Ouellet, "Dualité économique", pp. 258, 259, 268.

45. Lunn, "The Economic" pp. 245-247, 277-279. The bounties were as high as 5 livres per ton. An average of nine vessels per year were built between 1732 and 1742, but most were under 100 tons. For a discussion on the high costs of labour in New France see Hamelin, Économie et Société, p. 258.

46. Ouellet, Histoire économique, p. 137.

47. The basis of this paragraph is derived from the Quebec Gazette. For the launching of the Solid Carleton and the Betsy see Q.G. 21 July, 1768 and 4 August, 1768. For reference to Z. Thompson see Q.G. 4 August 1768. For Francois Levesque's agentage see Q.G. 25 August, 1768, 5 July, 1770, 20 August, 1772, 2 July, 1774. For William Painter see Q.G. 23 June, 1768 and Robert Wilcox see 16 May, 1771.

48. Ralph Davis, The Rise of the English Shipping Industry in the Seventeenth and Eighteenth Century (Newton Abbott, Devon: David and Charles, 1962) pp. 82-83, and Ashton, An Economic History of England, pp. 130-132.

49 Davis, The Rise, Chapter 8, "Shipping Management and the Role of the Master", pp. 159-174 passim.

50. Shepherd and Walton, Shipping, p. 52.

51. Of the thirty-nine entrances and clearances from Quebec to the West Indies and vice-versa, from 1769 to 1774, three men, Hypolite Laforce (12), William Gill (9), and Samuel Blow (4), undertook 61 percent of the journeys.

52. The seventeen captains were: Thomas Woder (9); James Smith (8); Magnus Brash (4); Peter Napier (4); Henry Passmore (4); Alexander Taylor (4); Ebenezer Coxer (4); Thomas Johnson (3); Charles Fotheringham (3); John Lee (3); John Aitkin (3); John Grant (3); Joseph Judge (3); and Thomas Delano (3).

53. PAC, EE, Series 1, vol. 1, Ermatinger to William Price (London), 8 June, 1771.

54. Ibid., Ermatinger to William Price (London), 18 January, 1772.

55. Ibid., Ermatinger to Thomas Bridge (London), Ibid., Thomas Woder (London). Ibid., William Priestly (London). All three letters were dated 26 November, 1773.

56. Q.G. 8 September 1766, "Copy of a Letter from Quebec to a Friend at Montreal".

57. "Memorial Relative to Oak Staves", 25 October 1772, Innis, Select Documents, p. 462.

58. Ibid., p. 458. "H.T. Crahmne to Lord Hillsborough", 18 November, 1770.

59. STQ, p. 16.

60. PAC, EE, Series I, vol. 1, Ermatinger to Thomas Bridge (London), 25 January, 1774.

61. Shepherd and Walton, Shipping, p. 185. PAC, MG 23, GIII, ANSM, Journal No. D., 1769-1771, nos. 48, 64, 65, 66, 72, 73.

62. Solid Carleton, Cleared to London: Q.G., 18 August, 1768; 5 October, 1769; 16 August, 1770; 8 August, 1771; 23 July, 1772. Entered from London: Q.G., 1 June, 1769; 14 June, 1770; 16 July, 1772.

63. The Betsy, Cleared to Barcelona: Q.G., 18 August, 1768; 20 August, 1770; 25 July 1771. Entered from London: Q.G., 19 July, 1770; 20 June, 1771; 4 June, 1772.

64. Brig Pitt, Entered from London: Q.G., 16 May, 1771. Cleared from London: Q.G., 21 June, 1770.

65. See Chapter 2, Sale value of furs per annum was £94,232.

66. Estimates based on tables in Shepherd and Walton, Shipping, Table 7.4, p. 124, "Average freight rates per registered ton by route, 1768-1772". Table 7.5, p. 126, "Estimated percentage utilization by route, 1768-1772".

67. 1,460 miles as against 1,474 miles. The World Almanac and Book of Facts (New York: Newspaper Enterprise Association Inc., 1979), p. 132.

68. McCusker, "The Rum Trade", pp. 401, 405.

69. PAC, MG 15, T. 28, vol. 1. Transcripts from the Public Records Office, Treasury Board Out Letters, vol. 1, Letter of John Robinson to Treasury Board, 8 November, 1771.

70. PAC, MG 30, A11, 2b-8, Remarks on the Settlement in Lower Canada Since the Conquest, by Charles Robin, pp. 10-11.

71. Shepherd and Walton, Shipping, p. 129.

72. Vessels entering from New York were: The Peggy, the sloop Sally and the sloop Snail. See Q.G. 21 September, 1769, 20 June, 1769 and 9 November, 1769. The vessel from Southern Europe was the sloop Dolphin and the vessels from the West Indies were the sloop Gaspé and the Industry. See Q.G., 18 August, 1769 and 20 June, 1771.

73. This is based primarily on John J. McCusker's estimate of .17 shillings sterling per gallon freight charge for the 108,665 gallons of molasses and rum imported into Quebec at a cost of £924 and £205 for 919 cwt. of muscavado sugar. See McCusker, "The Rum Trade", pp. 401, 405.

74. This was done using Shepherd and Walton's model and by subtracting three vessels that entered from New York and cleared to the West Indies in 1769 by the average tonnage per vessel on this route (48.2 tons) as recorded in Customs 16/1.

75. STQ, p. 2.

76. William Foote, "The American Independent Companies of the British Army" (Ph.D. dissertation, University of California at Los Angeles, 1966), p. 508.

77. PAC, EE,, Series I, vol. 1, Ermatinger to Benjamin Price (London), 13 July, 1772; 30 July, 1772.

78. Shepherd and Walton, Shipping, p. 242.

79. Davis, The Rise, p. 96.

80. The basis of this paragraph is taken from Shepherd and Walton, Shipping, pp. 130-135.

81. Ibid., p. 135.

82. Ibid., p. 134.

83. For example, Henry Harrison bought 10,000 bushels for export in 1770 and a further 6,000 bushels in 1772. see PAC, EE,, Series 1, vol. 1, Ermatinger to Benjamin Price and Wm. Morland (London), 29 September, 1772, and Ibid., Ermatinger to Randle Meridith (London), 26 July, 1770. Innis, Select Documents, pp. 523-524. "Samuel Jacobs to John Wells". 29 October, 1772.

84. PAC, EE, Series 1, vol. 1, Ermatinger to Benjamin Price (London), 29 September, 1772. Ibid., Ermatinger to Lawrence Riddle (London), 26 November, 1773. Ermatinger demanded a 7.5% commission from Riddle stating he "would not do it under...".

85. For example, Wm. Reeves, a ships captain who made repeated entries into Quebec from New York from 1764-1772 purhased over 5,800 minots of wheat from Samuel Jacobs in 1770. see PAC, EE,, series 3 vol. 1, pp. 55-6.

86. See Appendix 3.

CHAPTER IV

THE IMPACT OF THE MILITARY AND CIVIL ESTABLISHMENT AND THE BALANCE OF PAYMENTS

I

British expenditures in North America after 1740 for the Army, Ordinance Board, Navy, and colonial administration were an integral mechanism by which the British North American colonies redressed their trade deficits with the mother colony.[1] Shepherd and Walton estimated that these expenditures amounted to £400,000 per annum (1768-1772), but their estimates may overstate actual expenditures by approximately £35,000 per annum.[2] Although these expenditures declined in their importance in the expanding colonial economy, they remained central to Quebec's ability to meet her international debts and provided a measure of continuity in her economic structure.

In New France military expenditures by the French government were second only to the fur trade in its impact on the economic well-being of the colony. Military expenditures in New France between 1732 and 1743 averaged about 600,000 livres per annum (£26,525), and in the decade and a half preceding the Conquest rocketed into the millions.[3] The importance of military expenditures to the economic vitality of the colony after the Conquest remained unchanged. Annual peace-time expenditures more than doubled to an average of £62,700 per annum between 1768 and 1772, while civil expenditures averaged £8,800 per annum

during the same period.

The reason for posting a large garrison of four to five regiments in Quebec was straightforward: England accepted the inevitability of a future war with France and Spain, and was determined not to let the expense of mounting a large scale war in North America distract her forces from other theatres or bleed dry the treasury. An army of occupation settled in a conquered province and the conquerors never ceased to fear an uprising in the new colony or the backcountry. Wholesale deportation of such a large population on the Acadian model was a practical impossibility and the sole alternative was to "maintain an army there to keep them in subjection".[4]

In the early post-Conquest years fully five battalions at a war-time strength of seven hundred men were posted in the province and an additional 1,250 men were stationed in Upper New York and the Lakes posts.[5] In 1763 the British government decided to reduce the number of regiments serving in North America to fifteen; each with a complement of nine companies and a nominal strength of five hundred men. Quebec retained between four and five regiments between 1763 and 1766 and an additional regiment occupied the Lakes posts of Niagara, Fort Erie, Detroit, and Michimilimackinac. The Secretary of War, Welbore Ellis, introduced a policy in 1764 calling for the rotation of British regiments in North America so that the troops might be relieved from its more arduous conditions.[6]

His plan began to take effect in 1767 and, in the shuffle, Quebec's regimental complement was reduced by one. Throughout the period 1768 to 1772 three regiments, the 52nd or the Oxfordshire Light Infantry Battalion,[7] the 10th or the North Lincolnshire Regiment of Foot,[8] and the 8th or the King's Regiment of Foot,[9] were stationed in Quebec, Trois Rivieres, and Montreal. The 60th or Royal American Regiment was comprised of two battalions that, somewhat schizophrenically, served in both Canada and New York. The Lakes posts were manned primarily by the larger 2nd Battalion from 1765 until it was relieved by the 8th Regiment in 1772.[10] Six companies of the 60th arrived in Quebec in October of 1767. Part of the 1st Battalion was certainly stationed in Montreal from October of 1769.[11] Both battalions were listed in Canada in 1770 in the Audit Office records for Pay and Entertainment of the troops.[12] The locations given for the battalions in 1771 in a Treasury Board report regarding rations demonstrates that both battalions were hopelessly split in several regions. Provisions for the 226 men of the 1st Battalion were sent to New York City, Albany, Montreal, Crown Point, Oswegatchie, and Michimilimackinac. The 414 men of the 2nd Battalion received provisions in New York City, Montreal, Crown Point, Oswegatchie, Niagara, Fort Erie, Detroit and Michimilimackinac.[13] Although the regiment had an obvious affiliation with New York, it was considered to be Canadian by Quebeckers who protested vigorously at its threatened removal to Jamaica in 1772.[14] Most of the 1st battallion of the 60th was probably in Quebec from October, 1767 to May of 1772 when it left for New Jersey and thence to Jamaica

(in July of 1772 the 26th Regiment marched in to replace the 1st 60th).[15] The effective strength of the military establishment was one regiment stationed at the various Lakes posts and four regiments in Quebec which both Carleton and Gage believed was the minimum number of regiments required by the province to ensure its security.[16]

The substantial amount of money involved in financing the army was handled by two types of contractors: provisions contractors who relied heavily on colonial subcontractors to purchase food locally and organize transportation, and the money contractors who were responsible for supplying the deputy-paymaster generals in North America with monies for the subsistence or pay of the troops and to cover local extraordinary expenses.[17] The provision contract for Quebec and the Lakes posts was held by a consortium of merchants, Arnold Nesbitt, Alan Drummond and Moses Franks. The money contract was held by the partnership of Thomas Harley and Henry Drummond who had previously held the contract with Sir Samuel Fludyer from 1766 to 1768. Specie or hard cash met only about 20% of the army's financial need as only about £298,000 of specie were sent to North America by the money contractors between 1768 and 1772.[18] The money contractors were reluctant to ship specie across the Atlantic and preferred to have bills drawn by their local agents on London in return for cash or services rendered.[19] Most of the local extraordinary expenses of the army after 1768 were handled by bills drawn up by Carleton on the Treasury.

These extraordinary expenses amounted to some £49,456 between 1768 and 1772. Although they were intended for military purposes they were used to effect public works such as the repair of public buildings and fortifications damaged during the assault on Quebec in 1759. The costs of civil government were charged to the Treasury in a separate account.[20]

An exact reckoning of the pay actually received by the enlisted men and officers in North America is difficult to determine. In particular, the arcane and complicated system of payment for the enlisted men is especially vexing. A regular soldier's pay was subject to several deductions. One shilling of each pound of the whole pay of the entire regiment (regardless of its actual strength) was held by the Paymaster General's Department in England. From this shilling, two pence went to the regimental agents' commission. The full pay of each man for one day was directed to the Pay Office and War Office to underwrite bureaucrats' salaries. Additional monies were subtracted for the soldiers' annual clothing (one-quarter of the soldiers' pay after deductions) and one day of the nominal pay of all the men was allocated to the officers for recruitment. Finally, 2d. per day was deducted from the enlisted man's stipend of 8d. per day to help defray the costs of his provisions. Then, and only then, were the enlisted men paid.[21] John Shy has estimated that of the £161,155 to £174,450 per annum[22] that the fifteen regiments stationed in North America should have nominally been paid, only £90,000 per annum or £6,000 per regiment was received and spent in North America[23]. The

423 privates per regiment were allotted a mere 30% of their actual pay after deductions or about £1,533 per regiment.

Officers pay of £4,400 per annum was not subject to the heavy deductions borne by the enlisted men and Shy believed that the officers spent their pay in America. Some of the officers may well have spent a portion of their pay on articles purchased for them by the regimental agents in England, but these expenditures were probably offset by private spending of wealthy officers. Moreover, at Quebec, the officer corps appeared to have extended themselves beyond their means. Credit was so easy to obtain from local merchants that many officers were forced to sell their personal effects to pay their debts.[24] It can be, thus, safely assumed that the £4,400 per annum received by the officers of each regiment was spent in North America and what little the enlisted men were paid was spent almost immediately.

The enlisted men were paid in cash or specie. Specie shipments of over £53,000 sent to the Deputy-Paymaster Generals in Montreal and Quebec between 1767 and 1772 covered the payment of the regular troops (£37,500) quite handily. The specie shipments, however, could not hope to cover the pay of the officer corps. This was, no doubt, owing to the reluctance of the money contractors to ship specie across the Atlantic and their preference for drawing bills on the local agents who, in turn, remitted cash or merchandise to the officers.

TABLE 4.0

SPECIE SHIPPED TO JOHN BARROW AND JOHN POWELL, DEPUTY-PAYMASTER GENERALS AT QUEBEC AND MONTREAL, 1768 to 1772
(in pounds sterling)

Year	Quebec	Montreal	Total
1767[1]	9,077	3,205	12,282
1768	6,000	1,000	7,000
1769	5,000	-	5,000
1770	4,000	-	4,000
1771	5,597	2,190	7,787
1772	4,098	13,435	17,533
Total	33,772	19,830	53,602

[1]The total for 1767 represents cash-in-hand
PAC, MG 14, A01, bundle 78, p. 104.

Source: PAC, MG 14, AO1, bundle 78, pp. 104-105; bundle 79, pp. 106-107; bundle 80, pp. 108-109; bundle 81, p. 110.

Shy's estimate for the actual pay received and spent by each regiment of £6,000 per annum was used to estimate the actual inflow capital into Quebec for the payment of the troops stationed in the colony. Thus, the pay of the four regiments in Quebec and the regiment at the Lakes posts would have produced a net inflow of £150,000 over the five year period. However, owing to the peculiar placement of the 1st Battalion of the 60th Regiment and its rather low effective strength of only 226 men, it was assessed as if it were a half-regiment. A similar adjustment was made for the estimates of the pay of the 2nd Battalion of the 60th Regiment stationed at the Lakes posts. The regiments' pay would have been

siphoned off into the competing economies of New York and Quebec. The enlisted men's pay, no doubt, was almost entirely spent on New York rum. The better paid officers, however, may well have spent their stipend on wines and drygoods from Quebec. The New Yorkers' superiority in the western rum trade has been well documented, as has Quebec's dominance in the wine and drygoods trade.[25] To ensure a conservative estimate, all of the pay of the enlisted men was credited to the New York economy while the officers' pay was divided between the two regions. With the downward adjustment in the pay of the 60th Regiment, we can estimate that £105,000 was injected directly into Quebec's economy by the troops stationed in the colony proper. An additional £11,000 would have come from the officers stationed at the Lakes posts. The money expended by the army was an enormous boon to the tavern-keepers, wine merchants and grocers of the province. Samuel Sills, tavern-keeper at the London Tavern in Upper Town, went so far as to promise the officers of Quebec that he would make it his 'Study' to accommodate them with the best wine and food to be found in the county.[26]

The provisioning of such a large garrison was an expensive business. The nominal cost of feeding one regiment per annum was £1,480. Provisions for the troops stationed in Quebec averaged over £14,000 per annum and the cost of provisioning the Lakes post averaged an astronomical £7,060 per annum. The over £108,000 spent to feed the troops between 1768 and 1772 nearly equalled the troops' pay.

Little appears to have been spent at the Quebec local level for provisions.[27] Heavy imports of beef, pork and flour coastwise and beef, butter and cheese from Ireland demonstrate that Quebec could not fully supply the occupying army with provisions. The net cost of these imports have been necessarily charged against Quebec's balance of payments. Customs records do not take any account of who paid for the imports, only that they were sent from one region to another.[28] In effect, the C.I.F. value of the provisions sent to Quebec for the consumption of the army had already been paid for in either England or in the continental colonies by the provision contractor on behalf of the British government.

The Lakes posts had, since Jeffrey Amherst's (the Commander-in-chief of the British North American army) decision of January, 1761, been supplied by Montreal rather than Albany.[29] The eclipse of the once important centre of Albany as the engine of military supply and commerce was rapid and, as John Shy has pointed out, by 1768 it had been reduced to a minor supply depot:

> The Hudson and Mohawk river could not compete with the St. Lawrence and Lake Ontario as a peacetime (or war-time) line of supply to the Great Lakes. In 1765 Gage abandoned Fort Edward, in 1767 Fort Stanwix. Albany remained important only as a way station to Montreal; Ticonderoga and Crown Point served the same purpose. In 1768 Gage withdrew from Fort Ontario and Fort George and kept only a few men from Montreal at Ticonderoga and Crown Point...30

The cost of provisioning the Lakes posts was prohibitive. Between 1768 and 1772 over £38,000 was spent on procuring food alone. The expense of shipping food to the west almost doubled its original cost. Between June 25, 1770,

and December 22, 1772, General Gage signed warrants totalling £7,464 in extraordinary expenses for the Quarter-Master General's Department in Montreal.[31] These expenses were primarily for batteaux service and cartage of goods to be shipped to the west. Moreover, over £6,167 in extraordinary expenses were paid to the British merchant John Blackburn by the Treasury for victualling and maintaining four vessels on Lakes Champlain, Ontario, Erie and Huron which were used to shuttle men and provisions to the Upper posts.[32] The cost of two of the vessels, a sloop, Betsy (£560) and a snow, General Gage (£1,066) was borne by the Assistant Deputy Quarter-Master General Department for Montreal.[33]

In addition to the expenditures of £273,000 for the pay, provisions and various military extraordinaries, another £36,000 was spent by the Ordinance Board. The Ordinance Board was a separate entity from the army and was responsible for the maintenance of military fortifications, munitions and surveys. One regiment of the Royal Artillery attached to the Ordinance Board served in North America during this period and two companys of the regiment were attached to Quebec.[34]

Aside from the subsistence or pay of two companys of artillery of approximately £1,332 per annum, extraordinary expenses from 1768 to 1772 for rent to house the artillery's stores and civil salaries for storekeepers totalled some £8,339.[35] Samuel Holland, the chief surveyor of North America, was a resident of

Quebec, a member of Carleton's council and part of the civil establishment of the province.[36] His expenses for surveys and the salary of the Deputy Surveyor were charged to the Ordinance Board and totalled some £5,171[37] in this period. By far, the costliest expenses borne by the Ordinance Board were for fuel, candles and furniture charged to the Barrack-Master. A little over £19,000 was spent in Quebec alone in this period, for these items. The most significant of these was firewood estimated in 1765 to cost the Quebec garrison £2,711/15/10 per annum.[38] The money expended on firewood was an important source of income, not only for the merchant community, but for the rural population who conveniently cut and delivered firewood to local garrisons at below market prices.[39]

In a province bereft of an assembly, for the simple reason that its conquerors were astute enough not to let a few hundred Protestant males make laws for 80,000 new Catholic subjects, the costs of civil government had to be borne by the new mother country. These costs were offset somewhat by the rents paid for the sole right to engage in the fur trade in the King's posts (granted to Thomas Dunn and William Gray in 1762 for £400 per annum), and the seigneurial dues and quitrents paid on crown property. Together these two sources produced an income of less than £800 per annum.[40] The other major source of revenue, import taxes, although subject to confused interpretations under Governor Murray, were regularized under Carleton but produced a mere £2,738.4.5½ from 1768-1772[41].

The exact costs of civil government in this period are somewhat confused, except for 1770 and 1771, because of the system of record keeping. Thomas Mills, the Receiver-General of Quebec was resident in the colony during the military regime and served as town major in Quebec. In June of 1767 he returned to Quebec, but soon became disaffected with the ruling clique. After bringing the government's accounts up to date, he farmed out his duties to others and returned to England.[42] Audit Office records of Mills' accounts for the seven year period 1765-1771 show that some £60,866 was received by Mills to offset civil expenditures. The monies included some £25,153 owed to Governor Murray for his salary, £10,000 to Carleton for his salary, £16,422 for sundry services and expenditures and £2,373 paid to Quebec's merchants in 1768 for the excess of duty paid on the importation of rum.[43] Yearly disbursements then averaged some £8,618. This figure corresponds closely with more detailed information from Treasury records which show that in 1770 and 1771 £8,952 and £8,893 respectively were disbursed by the Treasury to underwrite Quebec's civil government.[44] Almost seventy percent of the cost of the civil government went to defray the salary expense of the civil administration. In the first six months of 1770 the salaries of the civil servants reached £3,400 for an effective yearly total of £6,800.[45] The remaining expenses of the civil government were for the more mundane items such as office space, stationery, statute books, court fees and the secret service.[46]

Total British government spending in the province of Quebec between

1768 and 1772 was, thus, in the order of £308,500 while an additional £68,000 was spent to support one regiment stationed in the Upper Posts. Mindful of the adjustment made for the pay of the troops in the Upper Posts, some £357,600 of goods, services and cash were pumped directly into Quebec's economy by the British government. Table 4.1 summarizes these expenditures and divides them into their component parts.

TABLE 4.1

ESTIMATES OF BRITISH MILITARY AND CIVIL GOVERNMENT EXPENDITURES
IN QUEBEC AND THE LAKES POSTS, 1768-1772
(in pounds sterling)

	1768	1769	1770	1771	1772	TOTAL
QUEBEC						
Army						
Provisions:[1]						
Quebec and Montreal	12,634	13,994	20,148	14,038	9,545	70,359
Subsistence[2]	21,000	21,000	21,000	21,000	21,000	105,000
Treasury Bills for Extraordinaries[3]	8,400	8,040	9,682	11,521	11,813	49,456
Sub Total	42,034	43,034	50,830	46,559	42,358	224,815
Ordinance[4]						
Civil Salaries and Expenses	736	2,364	1,452	2,752	1,035	8,339
Subsistence	1,332	1,332	1,332	1,332	1,332	6,660
Barrack Master	3,815	3,837	3,821	3,850	3,812	19,135
Surveys	1,235	984	984	984	984	5,171
Sub Total	7,118	8,517	7,589	8,918	7,163	39,305
Navy[5]		258				258
Civil Expenditure[6]	8,700	8,700	8,952	8,893	8,900	44,145
TOTAL EXPENDITURES - Quebec	57,852	60,509	67,371	64,370	58,421	308,523
LAKES POSTS						
Army						
Provisions[7]	4,721	8,453	6,532	10,464	7,926	38,096
Subsistence[8]	6,000	6,000	6,000	6,000	6,000	30,000
TOTAL EXPENDITURES - Lakes Posts	10,721	14,453	12,532	16,464	13,926	68,096
TOTAL EXPENDITURES - Quebec & Lakes Posts	68,573	74,962	79,903	80,834	72,347	376,619

Table 4.1 - Sources

1. John Shy, "The British Army," Chapter III, "British Military Administration", pp. 43-44b.

2. Estimate based on the effective strength of 3½ regiments in Quebec at £6,000 per regiment per annum. John Shy, Towards Lexington, p. 339.

3. Commons Journals, XXXII, p. 286, 656, XXXIII, p. 175, 572, XXXIV, p. 258.

4. Civil Salaries and Expenses: PAC, MG 14, A01, bundle 1886, pp. 180-181A, (1768-1770), A01, bundle 1887, pp. 182-182A, (1771-1772);
   Barrack Master: PAC, MG 14, A01/118;
   Surveys: PAC, MG 15, T1, vol. 28, pp.62, 66, 72, 86, 189;
   Subsistence: Estimate based on one company full pay per annum as in 2 above.

5. Navy: PRO, Admiralty 106/1180.

6. Civil Expenditure estimate for 1768-1769 based on average expenditure, 1764-1771 in PAC, MG 14, AO1, bundle 2029, p. 6.
   The figures for 1770 and 1771 are actual and can be found in PAC, MG 14, T1, vol. 479, pp. 19-28; vol. 482, pp. 351-52, 365-373; vol. 491, pp. 77-84.

7. Shy, op.cit. #1, p. 44.

8. Estimate based on one regiment at £6,000 per annum as in 2 above.

Quebec was a major military installation in British North America in the pre-revolutionary era. The £376,000 spent by the British government in the colony and its satellite posts in the West was equivalent to twenty percent of all British expenditures in British North America from 1768 to 1772. Such large expenditures made the military the largest industry in Quebec, second only to the fur trade. The maintenance of the large garrison which acted as a police force for the west, Quebec and, increasingly, for the thirteen colonies enabled Quebec to

maintain the importance of the army in her economic structure before and after the Conquest and amelioriated what could have been an ever more serious depression after the close of the Seven Years War.

II

With the inclusion of British Civil and military expenditures in Quebec the remaining deficit on current account tumbles from £428,300 to £70,700. The deficit can be further reduced with the inclusion of several factors that are difficult to quantify: goods purchased by traders from New York during the non-importation agreements and imported via Montreal, the redemption of paper money by the French government, the collection of annuities in France by the church and individuals, the immigration of merchants and capital into the region, the non-payment of debts by Canadians and, finally, an undetermined amount of furs making their way to market via Detroit and New Orleans paid for with goods imported via Montreal.

Trade licences for 1770 show that New York merchants Phyn and Ellice sent £6,000 Lawful upcountry to Detroit via Montreal. David Cambell of Schenectady was, next to Phyn and Ellice, the most important fur merchant in New York. He, as well as other New York merchants such as David Edgar of Edgar, Rankin and Edgar, ordered their London factors to ship via Quebec in 1770. Not

all of these goods went directly to the west. Cambell apparently ordered much larger quantities than usual from his London agent, sent part of his order to the west and brought the remainder to Schenectady.[47] The exact value of goods imported via Montreal for the American market cannot be known; however, an estimate of £10,000 does not seem unreasonable.

The remaining item in the balance of payments is the bullion account or the measure of the amount of hard cash flowing into or out of a region. In Quebec, as in the other continental colonies, this was not a major factor in the balance of payments. Most commercial functions were carried on by book credits, barter and bills of exchange. Capital inflows of bullion were probably negligible, but there were other mechanisms by which capital found its way to Quebec. Canadians, such as the Guy family, held money in France in contrats de rente or annuities on which they received yearly dividends. As well, the several Catholic orders held and were dependent upon investments in France.[48]

Another source of capital was the redemption of the bills and ordinances issued in Quebec by the French government during the Seven Years War. The complex and vexacious story of French paper money has been covered by several historians in depth and need not be repeated here.[49] Of the 73 million livres of paper money issued, Canadians registered 14 million livres (£61,500) with the French government in 1763. It is probable that nearly all of these bills were

sold to either British or American speculators by 1768, although some French merchants were being credited for the sale of their bills by their London factors after 1767. Etienne Augé received returns of over £1,346.8.8 between 1769 and 1771, François Baby £202 in 1769, and M. De Lanaudière some £323 in 1771.[50] In addition to these recorded returns, Augé, for one, declined to send his London correspondent, Antoine Villars, French bills of exchange in 1770 because large quantities of money coming from New York and Boston had forced up the price of the bills to the point where there was no reason to send them to London.[51]

The immigration of merchants to Quebec at this time cannot be accurately determined. It is apparent, however, from a list of merchants published in the Gazette of May 28, 1772 that over fifteen of the gentlemen had never been mentioned in the Gazette prior to 1768 nor were they signatories to various merchants' petitions to the King in the period before 1768. It has been estimated that a merchant setting up business in the New World required £2,000 in capital.[52] Even at half that estimate, it is probable that £15,000 entered the Quebec economy as a credit owing to merchants' immigration.

Another area where capital inflows were apparent was in the overextension of British credit to Quebec:

> Measurable or not the flow of capital funds arising out of 'investments' in the colonies or more simply British credit sales to America and non-payment of debts due to British merchants was real and is not to be ignored[53].

The non-payment of debts was certainly real. One polemicist in the January 7th, 1768 edition of the Quebec Gazette wrote that through the non-payment of debts the Province since the Conquest had "got at least £50,000 Sterling by this branch of the trade". In a letter to the English merchant Francis Bybotte in 1771, Ermatinger comments on Bybotte's chances of recovering monies from twelve different debtors and warns him to expect to lose two to three thousand pounds sterling.[54] In the 1770 bankruptcy of the Quebec merchant partnership of Johnston and Purrs, Ermatinger advised their creditors, the London partners Messrs. Smith and Gashville, not to bother with a "tedious lawsuit as their Estate turns out very bad".[55] The bankruptcy of English merchants had similar effects on the Balance of Payments. For example, in 1769 the London house of Guinaud and Hankey, suppliers of François Baby, went under and their stocks and debts were liquidated in Canada. Hankey was able to recommence business with Baby but Guinaud was left in penury.[56] The fall of Guinaud and Hankey could not have been unique. In a prophetic letter of February 1769 they wrote to François Baby:

> ...we are entirely of your opinion of the commerce of your colony. We see (the) fall (of) all the houses who seduced by greed have flooded the market.[57]

Credits to Quebec's balance of payments should derive from the non-payment of debts and the sale of goods at below their actual cost on behalf of

British merchants who dumped excess stocks on the Quebec market. The unpaid debts of merchants and traders were probably a more serious problem before 1770 when the effects of poor fur markets were still being felt. However, for the five year period 1768 to 1772 it would not seem unreasonable to estimate that Quebec gained three to four thousand pounds sterling per annum by these means or additional credit of £15,000 to £20,000 should appear on the plus side of the ledger.

The final mechanism whereby Quebec earned unquantifiable income was from the resale of imported goods to the Upper County. Much research remains to be done on Quebec's relationship to the interior population at Detroit, Kaskasia in the Illinois and the New Orleans French and Spanish traders. By 1773 Detroit had a population of 1,355 souls not including the troops and Naval Department.[58] Although New York merchants dominated the retail trade french resident merchants such as Duperon Baby maintained a lively commerce with the Francophone population. The capital generated by furs sold on the Detroit market for the colonial market place may well have gone to purchase goods imported via Montreal. The French population resident in the Illinois settlements of St. Louis, St. Geneviève, Cahokia, Prairie de Roches and Fort Chartes numbered 600 persons.[59] When France ceded Louisiana to Spain after the Seven Years War she negotiated the right of unimpeded commerce for her traders. As the journey from New Orleans upstream via the Mississippi was a long and arduous one, French and Spanish traders found it easier to pay cash for pelts. The pelts in turn were

purchased with goods purchased via Detroit or Michimilimackinac and, hence, via Montreal. It was all too tempting for a trader wishing to avoid his creditors by selling his furs to New Orleans merchants for cash. One such trader heavily in debt to François Baby, La Fortune, came out of his winter quarters at La Baye in 1773 and announced he had only made four packs that year. Baby, helpless, was furious knowing full well that La Fortune's regular catch was far greater.[60] Of the estimated £14,500 of furs exported via New Orleans some of the revenue earned must have returned to Montreal.

Purchases by American merchants during the non-importation agreements, revenues earned from foreign investments and annuities, the redemption of bills, merchant immigration, the non-payment of debts, the sale of British goods at Vendue and the unquantified western economy reduced Quebec's deficit on current account by an additional forty to fifty thousand pounds leaving a deficit of between £20,700 to £30,700. To this deficit should be added an additional £30,000 to compensate for cod exported from Quebec by New England and Jersey fishermen. Thus, Quebec's deficit in her balance of payments was probably on the order of £55,000 over the five year period 1768 to 1772.

NOTES TO CHAPTER IV

1. Julian Gwyn, "British Government Spending and the North American Colonies, 1740-1755". Journal of Imperial and Commonwealth History, VIII (January, 1980) p. 83.

2. Shepherd and Walton, Shipping. pp. 149-150.

3. W. J. Eccles, "The Social, Economic and Political Significance of the Military Establishment in New France". Canadian Historical Review, LII (March, 1971), p. 10.

4. Shy, Towards Lexington, pp. 54-5, 66. Quoted from a letter from the Earl of Hardwicke to the Duke of Newcastle. Shy, Towards Lexington, p. 54.

5. Shy, Towards Lexington, pp. 112-3.

6. Ibid., p. 274.

7. The 52nd arrived at Quebec from Cork in 1765 and was stationed in various ports of the province. See Charles H. Stewart, "Regiments Stationed in the Montreal District, 1760-1870", PAC, "Finding Aid no. 828".

8. The 10th was recorded by its biographer Richard Carson, Historical Register of the 10th or North Lancanshire Regiment of Foot (London: 1847) as stationed in Boston from 1768 to 1775. see Charles H. Stewart, The Service of British Regiments in Canada and North America: A Resume. (Ottawa: The Queen's Printer, 1962), p. 105. See also, Dunn, op.cit. "Western Commerce", pp. 205-206. The 10th arrived from Ireland on August 4, 1767 to relieve the 27th which had been stationed in Quebec since the Conquest (Q.G. 4 Aug. 1767) Audit Office records indicate that 10th was in Quebec in 1770 PAC, MG 14, AO1, bundle 80, p. 108, "Stopped for provisions, 1770" and provisions for 434 men of the 10th were sent to Quebec in 1771, PAC, MG 14, T1, vol. 495, and in May of 1772 the 10th was mustered at Lachine and Montreal. Stewart, "Regiments Stationed", p. 8.

9. The 8th Regiment arrived at Quebec on June 14, 1768 (Q.G. 16 June 1768). It was moved to Montreal in September of 1769 (Q.G. 7 September, 1769) and remained there until 1785 (Stewart, The Service, p. 99) although it was sent to the Lakes posts in 1772. Ibid., p. 154.

10. Stewart, The Service, p. 258, Stewart, "Regiments Stationed", p. 8.

11. Q.G. 4 Oct., 1767 and PAC, MG 14, transcripts from the Public Record Office, London, Audit Office, (hereafter AO), Declared Accounts, vol. 1, bundle 80, p. 108. "Stoppet for Provisions" 1770.

12. Ibid., bundle 80, p. 108.

13. PAC, MG 15, T1, vol. 495, p. 325.

14. Q.G. 11, June 1772. Letter dated London, 27 March, 1772.

15. Stewart, "Regiments Stationed". p. 8.

16. Shy, Towards Lexington, Carleton's letter to Gage dated 22, November 1768, "Secret", pp. 270-1.

17. PAC, MG 15, T1, vol. 487, pp. 83-4.

18. PAC, MG 14, vol. 1, bundle 78, pp. 104-5; bundle 79, pp. 106-7; bundle 80, pp. 109-10. Gwyn, "British Government Spending", p. 80. Gwyn estimates that specie shipments between 1740 and 1775 met 12% of British expenditures in North America.

19. Gwyn, "British Government Spending", p. 80.

20. Commons Journals (hereafter C.J.) XXXII, p. 286., XXXII, p. 656. XXXIII, p. 175, XXXIII, p. 572, XXXIV, p. 258. Shy, Chapter IV, pp. 35-6, 44-44a.

21. Foote, "The American", pp. 30-32.

22. PAC, MG 14, AO 1, bundle 79, pp. 106-7; bundle 80, pp. 108-109; bundle 81, p. 110, Pay and Entertainment of the Forces in North America.

23. John Shy, Towards Lexington, p. 239, f.n. 62.

24. Ibid., pp. 371-372 quoted from a letter from Colonel Jones (8th Regiment) to Frederick Halidimand, 24 December, 1773.

25. Canedy, "An Entrepreneurial History", pp. 226-227, 247, 339, 360. Norton, The Fur Trade in Colonial New York, p. 202, 205, 208, 216. Innis, The Fur Trade, p. 175.

26. Q.G., 21 July, 1768.

27. A 'substantial' proportion of the flour consumed by the garrisons in Quebec and the Lakes posts was purchased in Quebec in 1766 when the crop yield was good. It is probable that the army purchased flour locally in 1768 and 1770-1772.

28. Clark, Guide to English Commercial Statistics, p. 37.

29. Canedy, "And Entrepreneurial History", p. 235.

30. Shy, Towards Lexington, p. 271.

31. W.L. Clements Library, Ann Arbour, Michigan, Gage Warrants, Warrant from Gage to Maxwell, New York August 30, 1771.
Warrant from Gage to Maxwell, New York December 30, 1771.
Warrant from Gage to Carden, New York September 5, 1772.
Warrant from Gage to Carden, New York February 15, 1773.

32. Commons Journals, XXXII, p. 286, 657 XXXIII, p. 175.

33. PAC, MG 14, AO1, bundle 336, pp. 134-5.

34. On June 22, 1767 a company of Royal Artillery arrived from Boston to relieve the company stationed at Quebec since 1759. (Q.G. 27 June, 1767). From June of 1768 to 1771 Captain MacBean's artillery company was in Montreal until it was relieved by Captain Simpson's company which remained in Montreal until after 1772. Stewart, "Troops Stationed". pp. 6-7. The only other reference to the artillery in the Quebec Gazette appeared on August 8, 1771 mentioning the presence of Major Williams company of artillery. Fernand Ouellet, Les Troupes Britanniques Dans La Vallée Du St. Laurent (1760-1774): Le Conflit Entre La Société Militaires Et La Société Civile, p. 21. Taken from PAC, MG 13, War Office, no. 17.

35. PAC, MG 14, AO1, bundle 1886, pp.180-181a, (1768-1770); bundle 1887, pp. 182-182a, (1771-1772).

36. A.L. Burt, The Old Province of Quebec, (New York: Russel and Russel, 1970), p. 86, PAC, MG 15, T1, volume 449, p. 268.

37. PAC, MG 15, T1, vol. 28, pp. 62, 66, 72, 86, 189.

38. PAC, MG 14, AO3, Accounts various, bundle 118. Roughly 70% of the Barrack Master's expenses were for firewood.

39. Q.G. 23 February, 1767.

40. Hilda Neatby, Quebec The Revolutionary Age, 1760-1791. (Toronto: McClelland and Stewart, 1966), p. 68. Burt, The Old Province, p. 144.

41. Neatby, Quebec, pp. 94-5. Burt, The Old Province, pp. 144-46. S.T.Q., p. 21.

42. Neatby, Quebec, p. 96. Burt, The Old Province, p. 144.

43. PAC, MG 14, AO1, bundle 2029, p. 6. Burt, The Old Province, p. 146. Neatby, Quebec, p. 95. Neatby gives the return at £2,000 plus 5% interest.

44. For 1770 see PAC, MG 15, T1, vol. 479, pp. 19-28 and vol. 482, pp. 351-52. For 1771 see vol. 482, pp. 365-73 and vol. 491, pp. 77-84.

45. Ibid., vol. 499, p. 268.

46. For example, Carleton rented the Bishop's palace for government offices. See PAC, MG 14, AO1, bundle 2029, p. 6 and Neatby, Quebec, p. 94.

47. Norton, The Fur Trade of New York, pp. 206-207, 218. Canedy, An Entrepreneurial, pp. 333, 339.

48. Miquelon, "The Baby Family", p. 35. Frégault, Le XVIIIe Siècle, pp. 105-111, 145-146. Fully 35% of the revenue of the Hopitaliers of Montreal accrued from investments in France.

49. Miquelon, "The Baby Family", pp. 31-39. Jose Eduardo Iguartua, "The Merchants and Negociants of Montreal 1750-1755: A study in socio-economic history". (Ph.D. dissertation, Michigan State University, 1964) pp. 200-237.

50. For Auge see PAC, MG 23, GIII, Livre No. D, 1769-1774, no. 85; for Baby see Miquelon, "The Baby Family", p. 36; For De Lanaudiere see PAC, BC, Correspondance, vol. VI, Thouron et Freres à M. De Lanaudière, 8 March, 1771.

51. PAC, MG 23, GIII, ANMQ, Etienne Augé, Livre de lettre repondû, 1769-1772, Etienné Augé à Antoine Vilars (London) 28 October, 1770.

52. Carl Bridenbough, Cities in Revolt, 1743-1746, (New York: Capricorn Books, 1964), p. 70.

53. Joseph Ernst, Money and Politics in America, 1755-1775, (Chapel Hill: The University of North Carolina Press, 1975), p. 11.

54. PAC, EE, series 1, vol. 1. Ermatinger to Francis Bybotte (London) 19 January, 1771.

55. Ibid., Ermatinger to Messrs. Smith and Gashville (London) 13 August, 1770.

56. Miquelon, "The Baby Family", p. 58.

57. PAC, BC, Correspondence, vol. V, Guinaud et Hankey à François Baby, 4 February, 1769.

58. Ernst Lajeunesse, The Windsor Border Region, Canada's Southernmost Frontier (Toronto: The Champlain Society, 1960), p. 82.

59. N.M. Belting, Kaskaskia Under the French Regime (New Orleans: Polyanthos, Inc. 1975), pp. 39-40.

60. PAC, BC, Correspondence, vol. VI, Pierre Guy à François Baby 28 June, 1773 and 5 July, 1773.

CONCLUSION

- "For God's sake send cash and not let me be d...d for the want of cash, cash, cash, everybody around me has cash" -

Samuel Jacobs to John Welles, St. Denis, 21 February, 1773.

The country merchant's plea to his Quebec business associate, for whom he purchased wheat for export, does not speak of an impoverished society. Quite the reverse was true. The booming demand for wheat and rising prices for furs brought prosperity to all levels of society. As Fernand Ouellet has succinctly demonstrated the buoyant economy of pre-1776 Quebec created upward pressures on the cost of labour. The traditional source of manpower, the young and underemployed youth from rural Quebec could just as profitably remain home and assist their families in the cultivation of wheat. The rising wealth of the rural community was reflected in the letterbook of Sam Jacobs: the farmers from the St. Denis area had so increased their purchasing power that during the harvest of 1772, Jacobs was unable to keep himself supplied with rum for his customers and exhausted his stock of drygoods.[1]

The deficit in the balance of payments of £60,000 was decidedly a commercial one that rested with Quebec's merchant class. Quebec's merchants and, in particular, the fur merchants' readiness to invest in land, mills and graineries was the most obvious use of British credit in the expansion of the

domestic economy. Secondarily, increasingly larger amounts of capital were being invested in the fur trade accelerating further westward expansion of the trade and presaging the formation of the North-West company. The capital-intensive fur trade, with a three-year cycle before the return on investment was finally realized, demanded and received credit from British merchants. Such merchants would have readily extended credit to Quebec as furs were in great demand in Northern Europe, and unlike the fish and flour of the New England and Middle Colonies could be immediately remitted to Britain and sold promptly.[2] The deficit was less than one year's return on fur exports. It can and should be reviewed more as a reflection of British confidence in Quebec's economy rather than that of a struggling economy.

The economic structure of Quebec did not undergo any significant change with the Conquest. In essence, the economic structure simply expanded with the population growth. The per capita value of fur exports and secondary exports remained constant. Only in the area of civil and military expenditures was there any significant growth. As the following table illustrates, the economic output of 1736 and 1768 to 1772 are remarkably similar:

TABLE 5.0

POPULATION, PER CAPITA EXPORTS AND CIVIL AND MILITARY EXPENDITURES: New France 1736, Quebec, 1768-1772
(in pounds sterling)

Year(s)	1736	Per Capita	1768-1772	Per Capita
Fur Exports	38,000	.95	78,500	.98
Other Exports	16,700	.42	33,500	.42
Total Exports	54,700	1.37	112,000	1.40
Civil and Military Expenditures	21,458	.54	71,500	.89
Population	39,500		80,000	

Source: New France, 1736 Frégault, Le XVIII^{e} Siècle. p. 291, "Tableau III, Total des recettes", 1736, p. 322.

Creighton's thesis, echoed by Ouellet, that the conquest brought no fundamental change to the economic structure of Quebec, in the light of these estimates, is impossible to deny.

The expanded economy of Quebec was altered somewhat by the Conquest but in direction not substance. The inclusion of Quebec into the British empire offered her the rich grain markets of the Iberian peninsula denied her by France and allowed her to earn healthy trade surplus with that region. The commercial relationship with the new metropolis, after a shaky beginning, was

more profitable as the fur merchants, rather than a government monopoly, reaped the profits of the beaver trade. The thirteen colonies and New England, in particular, were given access to a lucrative market for their West Indian produce. Their growing influence on Quebec's economy was only checked by the Quebec Revenue Act and the American Revolution. Quebec, however, maintained a small, but profitable, trade with the West Indies.

Quebec's failure to provide herself with West Indian produce and her reliance upon American shipping underlay her weakness in shipping. Quebec, not unlike the tobacco colonies or the sugar islands, could not be expected to develop a commercial fleet. The New England and Middle colonies had no marketable light and valuable commodities to export, and were forced to turn to maritime commerce for their survival. Not until the growth of the timber trade in the nineteenth century was a shipbuilding capacity a prerequisite to commerce. The fur trade demanded a focus on problems of interior transportation and placed little emphasis on oceanic shipping capacity. The lack of native shipping had deleterious effects on the growth of Quebec's secondary exports but did not hamper the fur trade.

As a consequence of the dearth of Canadian-owned shipping, a reliable corps of ships' captains who dominated trade between London and Quebec emerged to keep the exchange of equally light but valuable cargoes in a few trusted hands.

In the years after 1760 Quebec successfully warded off the attempts of New York and Hudson's Bay to gain control of the fur trade. Its success was, in no small way, owing to the capital and initiative of Francophone merchants and traders who controlled the trade until the American Revolution.

The impact of the fur-trade on the British North American economy has been misunderstood since the publication of Lawson's thesis. His misinterprètation of Customs Record 3 has led almost all historians to underrate the importance of the fur-trade, especially in its capacity to generate revenue. His conclusion that the fur trade was of little consequence to the economy of Great Britain and the total colonial economy is based on a faulty interpretation of the value of fur exports from 1722 to 1775 which he places at 3% of the British North American total. Fur exports of an estimated £147,000 per annum, not including those from Hudson's Bay or New Orleans, were the fifth largest commodity export from British North America and comprised 10.2% of the value of all exports from 1768 to 1772. Fur exports were equal to 20% of North American tobacco exports. If the tobacco merchants of Glasgow and London suddenly found that they had lost 20% of their business, the hue and cry at Westminster would have been deafening. In like manner, if half of the revenue from the fishing industry had been taken from New England, the results to their economy would have been disastrous. The fur trade was not an insignificant factor in the British North American economy.

The penchant of Canadian historians to make derogatory comparisons of the simple staple economy of Quebec with the complex economies of New England and the Middle colonies underscores the misunderstanding of the fur trade. Innis, for example, in the "Foreward" to Lawson's study states, "Fortunate was the nation without an extensive fur trade...The instability of this economy was in sharp contrast with that of the English".[3] The soft markets for furs in 1766 and 1767 were glaring examples of the instability, but the merchants and merchant houses of Boston, New York and Philadelphia were also subject to general economic downturns, as record bankruptcies in this period can attest. The value of fur exports beginning in 1720 rose steadily each decade in step with the population growth. Average annual exports between 1720-1729 reached £37,000, from 1730 to 1739, £43,650, from 1740 to 1759, £59,160 and from 1768 to 1772, £78,500 sterling.[4] The fur trade consistently provided the capacity to generate enough wealth to support the colony and its population. In regard to wealth per capita generated by this economy, Quebec compares favourably with its more sophisticated southern neighbours. As the following chart indicates exports per capita surpassed those of New England and the Middle colonies:[5]

TABLE 5.1

PER CAPITA VALUES OF AVERAGE ANNUAL COMMODITY EXPORTS
OF THE BRITISH NORTH AMERICAN COLONIES
BY REGION, 1768-1772
PLUS INVISIBLE EARNINGS BY REGION IN 1770[a]

Region	Per Capita	Per White Resident	Plus Invisibles Per Capita	Plus Invisibles Per White Resident
Quebec	1.07[b]	1.40	1.34	1.61
New England	.84	.86	1.56	1.59
Middle Colonies	1.03	1.10	1.57	1.72
Southern Colonies	1.80	3.0	1.85	-

Source: Shepherd and Walton, Shipping, Table 3.2 "Average Annual Commodity Exports of the British North American Colonies, by Colony and Region, 1768-1772", p. 47.
For invisibles see Ibid., p. 42.
a) Estimate for Quebec based on 1768-1772.
b) Per capita values include western Indian population. See f.n. 6 "Conclusion".

The healthy invisible earnings of the fur trade brought Quebec's per capita exports plus invisible earnings close to those of her fellow colonies. As the conspicuous wealth of the aristocratic planters and the heavy concentration of wealth and capital in the hands of the mercantile elite in cities such as Boston was

not apparent in Quebec, the living standard of the majority of people - the habitants was probably equal or better than that of the average New Englander.[6]

Moreover, the wealth of the province was increased by the disproportionately large civil and military expenditures of the imperial government which concentrated 20% of its American spending in a colony with a mere 2.6% of the population of British North America. How much of this largesse was kept by the populace in return for handling, transhipping and sale of spirits and merchandise to the civil and military establishments is impossible to quantify. Military expenditures had been a traditional source of income for the colony and the change of empire merely reinforced its position in the economic structure.

Quebec's economy was essentially a balanced one in the period between 1768 to 1772. Rising wages and prices for wheat and furs in tandem with a healthy influx of imperial expenditures assured the colony of continued prosperity. With the sole interruption of the Conquest and post-war period of recovery, this prosperity had been ongoing since 1740 and would continue uninterrupted until after the close of the American Revolution. The fur trade, the traditional economic mainstay of the colony, continued to dominate the export sector of Quebec's economy until the beginning of the nineteenth century. It produced profits for both trader and export merchants. It was the rock upon which the foundation of the colony rested.

NOTES TO CONCLUSION

1. Innis, Select Documents, p. 522. Taken from the letter book of Samuel Jacobs. Jacobs to John Welles, 25 August, 1772 and 21 February, 1773.

2. Jacob Price, Capital and Credit in British Overseas Trade: The View from the Chesapeake, 1700-1776. (Cambridge, Mass. and London, England: Harvard University Press, 1980), pp. 17.

3. Lawson, Fur, p. XIX, "Foreward".

4. Estimates taken from Frégault, Le XVIIIe Siècle, p. 377.

5. Quebec's exports per white resident far surpassed those of the New England and Middle colonies. The role of the indians in the export economy must be taken into account. The indians were neither residents of Quebec, slaves, indentured workers or ordinary labourers. They produced only what they required. Roughly £160,000 was sent upcountry between 1767 and 1771. The indians probably received about 85% of those goods in return for furs. (The remainder would have been consumed by the interior white population, army officers and the traders themselves.) Accordingly, to estimate exports per capita the indians payment of £136,000 (1767-1771) was subtracted from Quebec's gross exports of £663,600.

6. The concentration of wealth in the hands of the American elite was ongoing and increasing throughout the 18th Century. In Boston, for example, the top 10% of Boston's taxpayers owned 57% of its wealth and the top 5% owned 44% of the wealth. See James Henretta, "Economic Development and Social Structure in Colonial Boston", William and Mary Quarterly, XXII (January, 1965): 93-105. The classic work on the social structure in pre-revolutionary america which outlines this phenomena is by Jackson Turner Main, The Social Structure of Revolutionary America. (Princeton, N.J.: Princeton, University Press, 1965).

APPENDIX I

QUANTITIES AND ESTIMATED VALUES OF COMMODITY IMPORTS AND EXPORTS TO AND FROM QUEBEC, 1768-1772

TABLE 1

QUANTITIES AND ESTIMATED (F.O.B.) VALUES
OF SELECTED COMMODITIES EXPORTED TO GREAT BRITAIN
FROM QUEBEC, 1768-1772
(in pounds sterling)

Commodity	Quantity	Value
Potash (ton)	152	3,650
Pearlash (ton)	27.5	751
Staves (1000's)	969	2,846
Boards (1000's)	234	418
Timber (ton)	777	656
Oil (tun)	1,428	17,130
Whalefins (lb.)	3,400	575
Iron (ton)	338	1,690
Wheat (bu.)	59,502	8,935
Others		582
Subtotal		37,133
Furs, skins, castoreum		392,635
Total		429,768

Sources: Quantity data for Appendix I were taken from Customs Record 16/1. Values were computed using prices from Bezanson, Cole and McCusker, (see "Introduction" notes 38-40).

TABLE 2

QUANTITIES AND ESTIMATED (C.I.F.) VALUES
OF SELECTED COMMODITIES IMPORTED COASTWISE
TO QUEBEC, 1768-1772
(in pounds sterling)

Commodity	Quantity	Value
Rum (gal.)		
N. England	1,043,568	64,230
W. Indian	54,233	5,501
Molasses (gal.)	173,094	8,699
Sugar		
Brown (cwt)	1,165	1,745
Loaf (lb.)	9,238	3,248
Coffee (cwt.)	1,116.5	4,523
Salt (bu.)	24,059	1,786
Flour (cwt.)	40,613	20,248
Wine (tuns)	127	7,925
Pork (lbs.)	1,768	4,496
Sub-Total		122,401
Others (foodstuffs, re-exports)		8,858
Total		131,259

TABLE 3

QUANTITIES AND ESTIMATED (F.O.B.) VALUES
OF SELECTED COMMODITIES EXPORTED COASTWISE
FROM QUEBEC, 1768-1772
(in pounds sterling)

Commodity	Quantity	Value
Wheat (bu.)	87,719	14,475
Flour (cwt.)	1,142	773
Fish - Dry'd (quintals)	32,256	16,368
Furs		3,778
Agricultural Products (oats, corn,peas, flaxseed,) (bu.)	19,471	2,338
Wood Products (boards, hoops, shingles, shook)		520
Sub-Total		37,479
Others		4,853
Total		43,105

TABLE 4

QUANTITIES AND ESTIMATED VALUES (C.I.F.)
OF SELECTED COMMODITIES IMPORTED FROM THE WEST INDIES
TO QUEBEC, 1768-1772
(in pounds sterling)

Commodity	Quantity	Value
Molasses (gal.)		
French	98,995	3,811
English	2,480	110
Brown Sugar (cwt.)	919	1,383
Rum (gal.)	7,180	621
Salt (bu.)	8,750	725
Sub-total		6,650
Others (cotton, coffee, etc.)		113
Total		6,763

TABLE 5

QUANTITIES AND ESTIMATED (F.O.B.) VALUE
OF SELECTED COMMODITIES EXPORTED FROM QUEBEC
TO THE WEST INDIES, 1768-1772
(in pounds sterling)

Commodity	Quantity	Value
Fish - Dry'd (quintals)	9,901	4,986
Oil (tuns)	1,664	249
Flour (cwt.)	3,532	2,017
Wheat (bu.)	1,200	191
Boards (ft.)	249,526	387
Others - Wood Products (shingles, oars, shook, etc.)		583
Sub-total		8,413
Others (foodstuffs, re-exports)		2,535
Total		10,948

TABLE 6

QUANTITIES AND ESTIMATED (C.I.F.) VALUE
OF SELECTED COMMODITIES IMPORTED FROM SOUTHERN EUROPE
TO QUEBEC, 1768-1772
(in pounds sterling)

Commodity	Quantity	Value
Salt (bu.)	112,418	8,245
Wine (tuns)	16	995
Others	-	-
Total		9,240

TABLE 7

QUANTITIES AND ESTIMATED VALUE (F.O.B.)
OF SELECTED COMMODITIES EXPORTED FROM QUEBEC
TO SOUTHERN EUROPE, 1768-1772
(in pounds sterling)

Commodity	Quantity	Value
Boards (1000 ft.)	213	285
Staves (1000's)	18.7	56
Fish Dry'd (quintals)	47,625	27,086
Wheat (bu.)	278,431	49,663
Flour (cwt.)	931	560
Oil (tuns)	55.5	833
Others		1,356
Total		79,839

APPENDIX II

TONNAGE AND NUMBER OF SHIPS ENTERING AND CLEARING THE PORT REGION OF QUEBEC, 1764-1774

TABLE 1

TONNAGE AND NUMBER OF SHIPS (Sps.) ENTERING PORT REGION OF QUEBEC, 1764-1774

	Great Britain		Coastwise		West Indies		Southern Europe		Insufficient Information		Total
	Tons	Sps.	Tons	Sps.	Tons	Sps.	Tons	Sps.	Tons	Sps.	Tons
1764*	3,668	28	1,792	32	76	1	265	3	112	2	5,342
1765*	2,882	22	896	16					180	3	3,958
1766*	4,585	35	1,176	21	151	2	88	1			6,000
1767*	4,585	35	1,680	30	302	4	265	3			6,832
1768	2,116	16	1,128	27	435	6	756	7			4,435
1769	4,626	28	2,246	56	670	4	145	2			7,687
1770	2,570	20	1,275	21	215	5	60	1			4,120
1771	3,738	33	1,750	33	105	2	1,471	15			7,064
1772	3,072	28	2,241	62	100	2	1,652	16			7,065
1773	5,098	43	2,599	39	112	2	168	3			7,977
1774	7,040	55	5,427	76	756	10	1,068	15			14,291
Total	43,980	343	22,210	413	2,922	38	5,938	66	292	5	75,342

Source: 1764-1767 Quebec Gazette
1768-1772 Customs Record 16/1
1772-1774 PAC, Report, 1888, STQ.

*Estimates based on ships entering port of Quebec as recorded in the Quebec Gazette and the average tonnage per vessel entering from each region from 1768-1772.

TABLE 2

TONNAGE AND NUMBER OF SHIPS (Sps.) CLEARING PORT REGION OF QUEBEC, 1764-1774

	Great Britain		Coastwise		West Indies		Southern Europe		Insufficient Information		Total
	Tons	Sps.	Tons	Sps.	Tons	Sps.	Tons	Sps.	Tons	Sps.	Tons
1764*	2,176	17	2,554	38	289	6	286	3	180	3	5,485
1765*	1,408	11	806	12	48	1	476	5	56	1	2,794
1766*	2,944	23	1,008	15	193	4	1,712	18			5,857
1767*	3,072	24	1,344	20	241	5	381	4			5,038
1768	2,438	17	1,348	25	240	5	1,047	11			5,073
1769	4,136	22	2,752	59	405	9	335	4			7,628
1770	1,630	14	1,335	22	245	5	915	9			4,125
1771	3,278	30	1,145	24	180	4	2,461	24			7,064
1772	1,892	19	1,899	54	250	6	3,065	30			7,106
1773	2,340	15	1,138	23	241	5*	4,965	44*			8,684
1774	4,577	33	3,306	51	675	14*	6,440	53*			14,998
Total	29,891	225	18,635	343	3,007	110	22,083	205	236	4	73,852

Source: 1764-1767 Quebec Gazette
1768-1772 Customs Record 16/1
1772-1774 PAC, Report, 1888, STQ.

* Estimates based on ships clearing port of Quebec as recorded in the Quebec Gazette and the average tonnage per vessel clearing to each region from 1768 to 1772.

APPENDIX 3

WHEAT AND FISH

Conflicting quantity data for wheat exports in 1772 posed a problem: according to Customs Record 16/1, 121,856 bushels of wheat were sent to Southern Europe and none were shipped to the West Indies; the Statistics of the Trade of Quebec recorded exports of 216,056 bushels to the two regions combined. The latter source was suspect: in 1771, 2,461 tons of shipping departed Quebec for Southern Europe carrying 103,269 bushels of wheat: the following year only 3,065 tuns, or an additional 600 tuns, left Quebec for Southern Europe. At forty-four bushels of wheat per one tun burden, over 5,000 tuns of shipping would have been required to haul 221,856 bushels of wheat. In addition, the estimates for the value of wheat exports in 1771 and 1772 found in PAC, MG 10, GI, vol. 10 were almost identical for the two years.

Shepherd and Walton's estimates for the value of wheat exports for the 'Northern Colonies' were taken from the Boston wholesale price. Since Boston imported grains in this period and Quebec was a major exporter, their price data (an average of 4.63 shillings sterling per bushel, 1768-1772) was inappropriate. Fernand Ouellet in Histoire économique et sociale de Quebec, 1760-1840 gave average prices paid for wheat at the rural level for the periods 1765-1769 and

1770-1774. This data was based on the account books of the Supplicans in Montreal, the Ursilines of Quebec and the Séminaire de Quebec.[1] The yearly price series has not yet been published but Professor Ouellet has kindly supplied the data from his research notes as summarized in the following table:

Appendix 3

Table 1.0

AVERAGE PRICE OF WHEAT PER BUSHEL
PURCHASED AT THE RURAL LEVEL, 1768-1772
(in shillings sterling)

Year	Quebec	Montreal
1768	4.49	2.64
1769	5.50	3.03
1770	2.85	4.69
1771	2.14	2.32
1772	2.9	3.5

The actual costs of wheat F.O.B. Quebec can be gleaned from Ermatinger's letter and cash books. As over two-thirds of Quebec's grain was from the Bertier district (close to the Montreal area) and had to be transhipped to Quebec, incidental costs for carting, transhipping, storage, bagging and loading were high. In Ermatinger's largest transaction on behalf of William Price he purchased 5,000 bushels at 3/10 (Lawful currency) or £720 sterling. With expenses, exclusive of his commission, the price on board rose to £939, or about 9.5d. sterling per bushel over the original purchase price.[2] In a computation of wheat prices

from the Montreal area it is necessary to add roughly 9d. sterling to arrive at its F.O.B. price in Quebec.

Estimates for the F.O.B. price of wheat were made by employing Ouellet's price data at the rural level, assuming that two-thirds of the wheat originated from the Montreal area, and by the addition of 9d. per bushel for incidental costs to bring the wheat to Quebec and get it on board. For wheat purchased in the Quebec area a conservative estimate of an additional 3d. per bushel for incidental charges was added to the rural price. This method lowered the price estimate of wheat F.O.B. Quebec to an average of 3.43 shillings sterling per bushel between 1768 to 1772 or a difference of £25,600 less than the estimates of Shepherd and Walton. This estimate corresponds to those found in M.G. 19 GI vol. 10 which allowed for an average of 3.5 shillings sterling per bushel for the five year period.

II

The riches of the Gaspé fisheries were exploited on an international scale by Quebeckers, Jerseymen and the resident population who sold their catch to the highest bidder or bartered for rum. In the post-Conquest years the Gaspé fisheries were first settled by Halifax interests, the Quebec merchants, Moore and Finlay, Alexander McKinsey and a few others.[3] In 1766, William Smith, who had been in the employ of Moore and Finlay, set up an independent house at Bonaventure. By 1769, Smith was the only Quebec or Halifax merchant of means

operating in the Gaspé. He operated on a large scale and was said by the Jersey merchant, Charles Robin, to have three times the capital and ships of his chief competitor and former partner, the same Charles Robin. Robin possessed a fleet of 13 vessels and employed over 300 men in 1765. Eleven years later he employed over 60 families and 60 shallops.[4]

Exports of 37,866 quintals of codfish between 1768 and 1772 were equivalent to 8.6% of Quebec's total exports.[5] They comprised almost one-third of the value of Quebec's exports to Southern Europe, over 45% of exports to the West Indies and 38% of Quebec's coastwise exports. The total estimated value of cod exports was £48,440. Exports of cod vary dramatically in Customs 16/1 and the Statistics of the Trade of Quebec:

APPENDIX 3, TABLE 2

EXPORTS OF DRIED CODFISH, 1768-1772
(in quintals)

	1768	1769	1770	1771	1772	Total
Coastwise	3,921	4,250	72	430	23,583	32,256
West Indies	2,013	2,378	843	10,937	3,489	9,901
Southern Europe	6,930	6,184	2,043	1,178	21,531	47,625
Total	12,864	12,812	2,958	12,545	48,603	89,782

Source: Customs Record 16/1.

The Statistics of the Trade of Quebec only records a total of 13,812 quintals exported and the scant research done on the fisheries suggests that these figures represent the fish exported exclusively from the port of Quebec. Customs Records 16/1 suggests that except for the unprecedented volume in 1772, exports of approximately 12,000 quintals were the norm. Harold Innis in The Cod Fisheries (Toronto: The Ryerson Press, 1940) stated that ten vessels left the Gaspe each year for Southern European and West Indian markets circa 1770, and that by 1777 twelve vessels made the trip each year carrying 16,000 quintals.[6] The quadrupling of exports in 1772 was owing to an influx of New Englanders. Charles Robin remarked in his journal that he saw fifty sails of sloops and schooners of Rhode Island fishermen in June of 1772. In August that year he recorded that 'many New England people carry on the fishery here in whaleboats'.[7]

There were obvious problems in determining what percentage of the recorded exports and the revenue accruing from its overseas sale should be credited to Quebec's balance on current account. In like manner, the value of rum stores and provisions sent to Quebec from abroad but consumed by Jersey men and New Englanders cannot be calculated. The Gaspé, although a political unit of Quebec, was an economic no man's land. It would be preferable to subtract the unknown value of imports to the region, ignore the exports of codfish, as recorded in Custom's 16/1, and calculate export values based on the quantity data found in the Statistics of the Trade of Quebec. As this was impossible, estimates had to be

made on the quantity data in Customs 16/1 and the total value of all cod exports were credited to Quebec for the purposes of calculating the balance on current account.

In order to make realistic estimates of Quebec's cod exports it would seem reasonable to ignore exports coastwise, assume that exports to the West Indies were carried on Quebec bottoms and divide the exports to Southern Europe between Quebec and Jersey fishermen. Quebec's cod exports would be on the order of £18,500 as opposed to the estimated £48,440 used to calculate the balance on current account. Accordingly, some £30,000 should be debited from Quebec's balance on current account. This reduces Quebec's surplus trade with Southern Europe somewhat and deepens the deficit coastwise.

NOTES TO APPENDIX 3 - Wheat and Fish

1. Ouellet, Histoire économique. p. 73, 'Avant-propos', p. xxi.

2. PAC, EE, series 1, vol. 1, Ermatinger to Benjamin Price (London), 9 April, 1774. For another account of the costs of preparing a cargo see Ibid., vol. 87 "Baggs Shipping the Cargo to John and William as per Acct delivered to B.P. (Benjamin Price)".
In a letter to Price in 1771 Ermatinger quoted incidental costs of at least 6d. sterling and possibly 3d. more, see Ibid., series 1, vol. 1 Ermatinger to Benjamin Price (London), 15 November, 1771.

3. H.A. Innis, The Cod Fisheries: the history of an international economy. (Toronto: The Ryerson Press, 1940), pp. 191-193.

4. PAC, MG, 30 A, 13 2b-8, "Remarks on the Settlement of Lower Canada Since the Conquest" (Charles Robin - author), pp. 10-11. Innis, The Cod Fisheries, p. 192.

5. The estimate is based on the average price per quintal found in op.cit. W.H. Cole, Wholesale Commodity Prices, of roughly 10 shillings per quintal for 'Jamaica Cod' and on the prices for cod in 1770 found in op.cit., Historical Statistics. The higher prices data found in the latter source was used for exports to Southern Europe which demanded better quality cod than the West Indies' markets. In Quebec City the price per quintal in 1770 was 14 shillings Halifax currency or 12.72 shillings sterling. see Q.G. 20 December 1770.

6. Innis, The Cod Fisheries, p. 192.

7. PAC, MG 23, G111, 24. The Journal of Charles Robin, p. 95.

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